



Senate

General Assembly

File No. 636

January Session, 2015

Substitute Senate Bill No. 678

Senate, April 14, 2015

The Committee on Planning and Development reported through SEN. OSTEN of the 19th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING MUNICIPAL FLOOD ZONE MAPS AND THE PROHIBITION OF FLOOD INSURANCE AS PREREQUISITE FOR MORTGAGE LOAN FOR CERTAIN PROPERTIES.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective October 1, 2015*) An engineer employed or
2 retained by a municipality may revise a municipal flood zone map
3 such that it is consistent with a change in the flood zone designation on
4 a flood insurance rate map granted by the Federal Emergency
5 Management Agency pursuant to the procedure for map correction or
6 amendment set forth in 44 CFR Part 70 et seq., as amended from time
7 to time, or 44 CFR Part 72 et seq., as amended from time to time.

8 Sec. 2. (NEW) (*Effective October 1, 2015*) No mortgage lender shall, in
9 connection with any application for a mortgage loan in this state that is
10 secured by mortgage on real property located in this state, require any
11 prospective mortgagor to obtain a flood insurance policy for real
12 property if (1) such property is not designated as within a special flood

13 hazard area on the flood insurance rate map issued by the Federal
 14 Emergency Management Agency, or (2) the Federal Emergency
 15 Management Agency has issued a map correction or amendment
 16 pursuant to the procedure for map correction or amendment set forth
 17 in 44 CFR Part 70 et seq., as amended from time to time, or 44 CFR Part
 18 72 et seq., as amended from time to time, as applicable, that indicates
 19 that such property is not designated as within a special flood hazard
 20 area.

This act shall take effect as follows and shall amend the following sections:		
Section 1	October 1, 2015	New section
Sec. 2	October 1, 2015	New section

Statement of Legislative Commissioners:

The title was changed for accuracy and in Section 2, "real estate" was changed to "real property" for consistency.

PD *Joint Favorable Subst. -LCO*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact: None

Municipal Impact: None

Explanation

The bill prohibits mortgage lenders from requiring certain mortgage applicants to obtain flood insurance. This has no fiscal impact to the state or municipalities, as it relates to transactions between private parties.

The bill also allows municipal engineers to revise municipal flood zone maps. This is a conforming change which has no fiscal impact.

The Out Years

State Impact: None

Municipal Impact: None

OLR Bill Analysis**sSB 678*****AN ACT CONCERNING MUNICIPAL FLOOD ZONE MAPS AND THE PROHIBITION OF FLOOD INSURANCE AS PREREQUISITE FOR MORTGAGE LOAN FOR CERTAIN PROPERTIES.*****SUMMARY:**

This bill prohibits mortgage lenders from requiring borrowers who apply for mortgages in Connecticut secured by real property in the state to obtain flood insurance unless the property is located in a special flood hazard area (SFHA) (see BACKGROUND). The SFHA must be designated on a Federal Emergency Management Agency's (FEMA) Flood Insurance Rate Map (FIRM), as amended or corrected by FEMA. Under federal law, with limited exceptions, federally regulated or insured mortgage lenders must require borrowers to obtain flood insurance for houses and other buildings in a SFHA (42 USC § 4012a).

The bill also authorizes engineers employed or retained by a municipality to revise the municipality's flood zone map to make it consistent with a FIRM. Engineers may make such revisions following a FEMA map correction or amendment.

EFFECTIVE DATE: October 1, 2015

BACKGROUND***FEMA Maps and SFHAs***

FEMA, as part of the National Flood Insurance Program (NFIP), creates FIRMs delineating flood risk areas, including SFHAs. Federal law allows property owners to seek FIRM changes if (1) the property was inadvertently mapped as being in a SFHA or (2) proposed or actual manmade alterations reduce flooding risk (44 CFR § 70 et seq. and § 72 et seq.).

SFHAs are areas delineated on FIRMs that would be inundated by a flood having a 1% chance of occurring in a given year (often called 100-year floods).

Federal Banks

Federally chartered banks are generally governed by federal law and states may impose regulations on them only as federal law allows. Federal law preempts most state laws that attempt to regulate a federal bank’s legitimate business decisions, although it allows states some control over certain consumer protection issues.

COMMITTEE ACTION

Planning and Development Committee

Joint Favorable
Yea 20 Nay 1 (03/27/2015)