

EFFECTS OF NONPARTICIPATION/SUSPENSION
IN THE
NATIONAL FLOOD INSURANCE PROGRAM

1. Flood insurance will no longer be available. No building owner will be able to purchase a new flood insurance policy or renew an existing flood insurance policy.
2. No Federal Grants or Loans for structures may be made in identified flood hazards areas. This includes all Federal agencies such as Housing and Urban Development (HUD), Economic Development Administration (EDA), Small Business Administration (SBA), and the Environmental Protection Agency (EPA).
3. No Federal disaster assistance may be provided to repair or replace structures in identified flood hazard areas for any flood-related damages. This includes FHA, the Farmers Home Administration and the Department of Veterans Affairs (VA).
4. Conventional Mortgages. Lenders may make loans on structures in identified flood hazard areas of not-participating communities, but the:
 - a. must notify the buyer or lessee that the property is in flood hazard area; and
 - b. must notify the buyer or lessee that the property in a flood hazard area is not eligible for Federal disaster relief in a flood-related declared disaster.
5. Loss of subsidized insurance for older structures. Actuarial rates go into effect regardless of a community's status in the program. Lacking proper controls, insurance premiums on non-compliant construction may prove prohibitive and affect future property salability and values. Such a condition would be triggered by a community's re-entry in the program at a later date.
6. Liability. The local governing body may be susceptible to some form of liability because their action:
 - (1) denies the ability of its citizens to purchase flood insurance, and;
 - (2) does not take positive steps to reduce the exposure of life and property in the face of authoritative scientific and technical data.