

## EFFECTS OF NON-PARTICIPATION IN THE NATIONAL FLOOD INSURANCE PROGRAM (NFIP)

1. **Federal Flood Insurance is not available** on buildings located within non-participating or suspended communities. No resident will be able to purchase a national flood insurance policy. Residents trying to buy or sell structures located in a floodplain area may have a very difficult time. Loans on existing structures could (should) be called due by the lender without required flood insurance coverage.
2. **No direct Federal grants, loans, guarantees, insurance payments, rebates, or subsidies** may be made in identified floodplain areas. This includes all federal agencies such as Housing and Urban Development (HUD), Environmental Protection Agency (EPA), Small Business Administration (SBA), Department of Transportation (DOT), etc.
3. **No Federal financial assistance** in the form of direct loans may be made for property in the floodplain by federal agencies. This includes Federal Housing Administration (FHA), Veterans Administration (VA), Farmer's Home Administration (FmHA), Small Business Administration (SBA), Federal National Mortgage Association (Fannie Mae), or Federal Home Loan Mortgage Corporation (Freddie Mac).
4. **No Federal Disaster Assistance** (for any type of declared disaster) may be provided for the acquisition, construction, or repair of property in identified floodplains.
5. **State financial assistance may be unavailable**. Many state agencies require participation in the NFIP as a prerequisite for state grants and loans. This could include state agencies such as Department of Natural Resources (IDNR), Environmental Protection Agency (IEPA), Illinois Emergency Management Agency (IEMA), Department of Commerce and Economic Opportunity (DCEO), Illinois Department of Transportation (IDOT), Department of Public Health (IDPH), etc.
6. **Private lender may not make loans** unless flood insurance is available. These private (non-federally insured) lending institutions may continue to make loans at their own discretion providing they make the necessary notifications that the property is located in a floodplain. However, increasingly fewer lenders are willing to take that risk.
7. **Local governing body may be susceptible to forms of liability** by not participating in the NFIP because their actions: 1) deny the ability of local citizens to purchase flood insurance and; 2) do not take positive steps to reduce the exposure of life and property to identified risks in the face of authoritative scientific and technological data.