

Farm Credit Administration

1501 Farm Credit Drive
McLean, Virginia 22102-5090
(703) 883-4000

INFORMATIONAL MEMORANDUM



March 29, 2013

To: Chief Executive Officer
All Farm Credit System Institutions

From: Gary K. Van Meter, Director
Office of Regulatory Policy

A handwritten signature in black ink that reads 'Gary K. Van Meter'. The signature is written in a cursive style and is positioned to the right of the typed name.

Subject: Interagency Statement on the Impact of Biggert-Waters Act

On July 6, 2012, Congress amended the Flood Disaster Protection Act of 1973 (the FDPA) when it enacted the Biggert-Waters Flood Insurance Reform Act of 2012 (the Act). The Office of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the National Credit Union Administration and the Farm Credit Administration (the Agencies) developed the attached guidance to inform financial institutions about the effective dates of these provisions and the impact of the Act on the Agencies' proposed Interagency Questions and Answers on Flood Insurance.

The Act amends the force placement provision in the FDPA and the civil money penalty provision. In addition, the Act amends the mandatory purchase requirement to require lenders to accept private flood insurance policies if the private flood insurance satisfies the standards specified in the Act. The Act also requires lenders and servicers to establish escrow accounts for flood insurance premiums and fees for any residential mortgage outstanding or entered into after July 6, 2014, unless: (1) the institution has less than \$1 billion in assets; and (2), as of July 6, 2012, the institution was not required by federal or state law to escrow taxes or insurance for the term of the loan, and it did not have a policy to require escrow of taxes and insurance.

The attached guidance informs financial institutions that it is the Agencies' position that the force placement and civil money penalty provisions of the Act became effective upon enactment and that the private flood insurance and escrow provisions of the Act will not be effective until regulations are issued. In addition, the guidance discusses the impact of the Act on proposed Interagency Questions and Answers on Flood Insurance.

If you have any questions about this informational memorandum, please contact Mark L. Johansen, Senior Policy Analyst, Office of Regulatory Policy at (703) 883-4064, or by email at johansenm@fca.gov or Mary Alice Donner, Senior Counsel, Office of General Counsel, at 703-883-4020, or by email at donnerm@fca.gov.