

Joint Release

**Board of Governors of the Federal Reserve System
Farm Credit Administration
Federal Deposit Insurance Corporation
National Credit Union Administration
Office of Comptroller of the Currency**

**For Immediate Release
FCA NR 13-14**

October 11, 2013

Agencies Request Comment on Proposed Flood Insurance Rule

Five federal regulatory agencies are issuing a joint notice of proposed rulemaking to amend regulations pertaining to loans secured by property located in special flood hazard areas. The proposed rule would implement certain provisions of the Biggert-Waters Flood Insurance Reform Act of 2012 (Biggert-Waters) with respect to private flood insurance, the escrow of flood insurance payments, and the forced-placement of flood insurance. Separate from the agencies' joint proposal, Biggert-Waters also mandated other changes to the National Flood Insurance Program.

The proposed rule would require that regulated lending institutions accept private flood insurance as defined in Biggert-Waters to satisfy the mandatory purchase requirements and solicits comment on whether the agencies should adopt additional regulations on the acceptance of flood insurance policies issued by private insurers. In addition, the proposal would require regulated lending institutions to escrow payments and fees for flood insurance for any new or outstanding loans secured by residential improved real estate or a mobile home, not including business, agricultural and commercial loans, unless the institutions qualify for the statutory exception.

The proposal includes new and revised sample notice forms and clauses concerning the availability of private flood insurance coverage and the escrow requirement. Finally, the proposal would clarify that regulated lending institutions have the authority to charge a borrower for the cost of force-placed flood insurance coverage beginning on the date on which the borrower's coverage lapsed or became insufficient and would stipulate the circumstances under which a lender must terminate force-placed flood insurance coverage and refund payments to a borrower.

The agencies' proposal would implement only the provisions of Biggert-Waters relating to the mandatory purchase of flood insurance over which the agencies have jurisdiction. Accordingly, regulated lending institutions should review Biggert-Waters for further information about revisions to the flood insurance statutes that will not be implemented through this rulemaking.

The proposed rule is being issued by the Board of Governors of the Federal Reserve System, the Farm Credit Administration, the Federal Deposit Insurance Corporation, the National Credit Union Administration and the Office of the Comptroller of the Currency.

The public will have until December 10, 2013, to review and comment on most of the proposal. However, comments related to the proposed Paperwork Reduction Act analysis will be due 60 days after the rule is published in the *Federal Register*.

Attachment:

- [Proposed Rule](#)

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Media Contacts:

Federal Reserve	Barbara Hagenbaugh	202-452-2955
FCA	Mike Stokke	703-883-4056
FDIC	Greg Hernandez	202-898-6984
NCUA	John Fairbanks	703-518-6336
OCC	Stephanie Collins	202-649-6870