



November 24, 2020

To: Clients and Friends

From: David F. Dulock

Subject: Private Flood Insurance for FHA-Insured Mortgages

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In the November 23, 2020, issue of the *Federal Register* (85 FR 74630, [click here](#)), HUD published a proposed rule, with a request for public comment, that would amend FHA regulations to allow mortgagors the option to purchase private flood insurance on FHA-insured mortgages for properties located in Special Flood Hazard Areas (SFHAs), in satisfaction of the mandatory purchase requirement of the Flood Disaster Protection Act of 1973 (the FDPA).

Comments may be submitted on the proposed rule by either of the following methods:

1. *Submission of Comments by Mail.* Comments may be submitted by mail to the Regulations Division, Office of General Counsel, Department of Housing and Urban Development, 451 7th Street SW, Room 10276, Washington, DC 20410-0500.

2. *Electronic Submission of Comments.* Interested persons may submit comments electronically through the Federal eRulemaking Portal at www.regulations.gov.

Comments must refer to Docket No. FR-6084-P-01 and the title of the proposed rule "Acceptance of Private Flood Insurance for FHA-Insured Mortgages." Comments must be received by HUD on or before January 22, 2021.

HUD is proposing to amend FHA regulations at 24 CFR parts 201, 203, and 206, to allow owners the option to purchase private flood insurance on FHA-insured mortgages for properties located in SFHAs, consistent with the FDPA and in harmony with private flood insurance requirements under the Biggert-Waters Act. Specifically, HUD is proposing to revise 24 CFR 203.16a (Single Family Mortgage Insurance) to include the definition of "private flood insurance" similar to the statutory definition. In addition, HUD is proposing to amend 24 CFR 201.28(a) (Property Improvement and Manufactured Home Loans), 24 CFR 203.343(b) (Single Family Mortgage Insurance), 24 CFR 206.45(c) and 24 CFR 206.134(b) (Home Equity Conversion Mortgage Insurance) to permit borrowers to obtain private flood insurance on certain other types of mortgages that are required to have flood insurance under the FDPA. HUD is proposing to define private flood insurance in these sections by cross reference to the definition in §203.16a.

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