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To: Clients and Friends

From: David F. Dulock

Subject: Loans in Areas Having Special Flood Hazards; Interagency Flood Insurance Questions and Answers

On May 31, 2022, the Office of the Comptroller of the Currency (OCC), Board of Governors of the Federal Reserve System (Board), Federal Deposit Insurance Corporation (FDIC), Farm Credit Administration (FCA), and National Credit Union Administration (NCUA) published in the *Federal Register* ([87 FR 32826](#)) reorganized, revised and expanded Interagency Questions and Answers Regarding Flood Insurance (herein 2022 Interagency Q&As) that include guidance related to major amendments to the flood insurance laws regarding the escrow of flood insurance premiums, the detached structure exemption, force placement procedures, and the acceptance of flood insurance policies issued by private insurers.

The 2022 Interagency Q&As consolidates the above Agencies' July 2020 and March 2021 proposed Questions and Answers into one set of Interagency Questions and Answers Regarding Flood Insurance.

The 2022 Interagency Q&As issuance date is May 11, 2022. It supersedes the 2009 Interagency Q&As (and the 2011 amendments to the 2009 Interagency Q&As) and supplements other guidance or interpretations issued by the Agencies related to loans in areas having special flood hazards.

For ease of reference, the 2022 Interagency Q&As is organized under nineteen separate categories listed below. Each Q&A is under the category to which it belongs.

I. Determining the Applicability of Flood Insurance Requirements for Certain Loans (Applicability) has 15 Q&As.

II. Exemptions from the Mandatory Flood Insurance Purchase Requirements (Exemptions) has 7 Q&As.

III. Private Flood Insurance—Mandatory Acceptance (Mandatory) has 9 Q&As.

IV. Private Flood Insurance—Discretionary Acceptance (Discretionary) has 4 Q&As.

V. Private Flood Insurance—General Compliance (Private Flood Compliance) has 11 Q&As.

VI. Standard Flood Hazard Determination Form (SFHDF) has 4 Q&As.

VII. Flood Insurance Determination Fees (Fees) has 2 Q&As.

VIII. Flood Zone Discrepancies (Zone) has 3 Q&As.

IX. Notice of Special Flood Hazards and Availability of Federal Disaster Relief (Notice) has 7 Q&As.

(2 pages)

- X. Determining the Appropriate Amount of Flood Insurance Required (Amount) has 10 Q&As.
- XI. Flood Insurance Requirements for Construction Loans (Construction) has 6 Q&As.
- XII. Flood Insurance Requirements for Residential Condominiums and CO– Ops (Condo and Co-Op) has 10 Q&As.
- XIII. Flood Insurance Requirements for Home Equity Loans, Lines of Credit, Subordinate Liens, and Other Security Interests in Collateral (Contents) Located in an SFHA (Other Security Interests) has 12 Q&As.
- XIV. Requirement to Escrow Flood Insurance Premiums and Fees— General (Escrow) has 7 Q&As.
- XV. Requirement to Escrow Flood Insurance Premiums and Fees—Escrow Small Lender Exception (Escrow Small Lender Exception) has 7 Q&As.
- XVI. Requirement to Escrow Flood Insurance Premiums and Fees—Escrow Loan Exceptions (Escrow Loan Exceptions) has 5 Q&As.
- XVII. Force Placement of Flood Insurance (Force Placement) has 16 Q&As.
- XVIII. Flood Insurance Requirements in the Event of the Sale or Transfer of a Designated Loan and/or Its Servicing Rights (Servicing) has 7 Q&As.
- XIX. Mandatory Civil Money Penalties (Penalty) has 2 Q&As.

The number, complexity, and length of the Q&As, however, preclude summarizing them in this memorandum.

Please note the use of the terms “Regulation” and “Act” in the 2022 Interagency Q&As when reading them. “Regulation” refers to each agency’s current final rule in 12 CFR part 22 (OCC); 12 CFR §208.25 (Board); 12 CFR part 339 (FDIC); 12 CFR part 614, subpart S (FCA); and 12 CFR part 760 (NCUA). “Act” refers to the National Flood Insurance Act of 1968 and the Flood Disaster Protection Act of 1973, as revised by the National Flood Insurance Reform Act of 1994, Biggert-Waters Flood Insurance Reform Act of 2012, and Homeowner Flood Insurance Affordability Act of 2014 (codified at 42 U.S.C. 4001 *et seq*).

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