



July 6, 2020

To: Clients and Friends
From: David F. Dulock
Subject: Flood Insurance Proposed Interagency Questions and Answers

8584 Katy Freeway, Suite 420

Houston, TX 77024

Phone: 713-871-0005

Fax: 713-871-1358

Partners

Thomas E. Black, Jr.
Gregory S. Graham
Shawn P. Black

Managing Attorney Houston

Ryan Black

Senior Lawyers

David F. Dulock
Diane M. Gleason
Daniel S. Engle
Margaret Noles

Associates

Nick Stevens
Syndy Davis
Brandon Pieratt

Of Counsel

David M. Tritter
Calvin C. Mann, Jr.

Retired Partner(s)

Calvin C. Mann, Jr.

1 Also Licensed in Iowa, New York, and Washington

2 Also Licensed in Georgia

3 Also Licensed in Kentucky and New York

4 Also Licensed in Washington D.C.

5 Also Licensed in New York

In the July 6, 2020, issue of the Federal Register (85 FR 40442, click here), the Comptroller of the Currency (OCC), the Board of Governors of the Federal Reserve System (Board), the Federal Deposit Insurance Corporation (FDIC), the Farm Credit Administration (FCA), and the National Credit Union Administration (NCUA), (collectively the "Agencies"), jointly published proposed Interagency Questions and Answers Regarding Flood Insurance that reorganize, revise and expand the existing Interagency Questions and Answers Regarding Flood Insurance.

The Agencies are requesting comments on these proposed Interagency Questions and Answers Regarding Flood Insurance (herein "Proposed Q&As"). Interested parties who wish to submit comments must do so on or before September 4, 2020. The addresses and methods for submitting comments to one or more of the Agencies is set out on pages 40442 and 40443 of the above hyperlinked Federal Register.

The Proposed Q&As are organized by the following topics and each topic addresses a major area of flood insurance law and regulations:

- I. Determining the Applicability of Flood Insurance Requirements for Certain Loans
II. Exemptions from the Mandatory Flood Insurance Purchase Requirements
III. Coverage—NFIP/Private Flood Insurance
IV. Required Use of Standard Flood Hazard Determination Form (SFHDF)
V. Flood Insurance Determination Fees
VI. Flood Zone Discrepancies
VII. Notice of Special Flood Hazards and Availability of Federal Disaster Relief
VIII. Determining the Appropriate Amount of Flood Insurance Required
IX. Flood Insurance Requirements for Construction Loans
X. Flood Insurance Requirements for Residential Condominiums and Co-Ops
XI. Flood Insurance Requirements for Home Equity Loans, Lines of Credit, Subordinate Liens, and Other Security Interests in Collateral Located in an SFHA
XII. Requirement to Escrow Flood Insurance Premiums and Fees—General
XIII. Requirement to Escrow Flood Insurance Premiums and Fees—Small Lender Exception
XIV. Requirement to Escrow Flood Insurance Premiums and Fees—Loan Exceptions
XV. Force Placement of Flood Insurance
XVI. Flood Insurance Requirements in the Event of the Sale or Transfer of a Designated Loan and/or Its Servicing Rights
XVII. Mandatory Civil Money Penalties

The Proposed Q&As include new Q&As on escrow of flood insurance premiums, the detached structure exemption, and force placement of flood insurance. Once finalized, the Proposed Q&As will supersede the 2009 and the 2011 Interagency Questions and Answers Regarding Flood Insurance and supplement other guidance or interpretations issued by the Agencies relative to loans in areas having special flood hazards.

The Agencies also state in the preamble to the Proposed Q&As that they plan to issue separately for notice and comment another set of proposed Q&As relating to the private flood insurance regulations the Agencies adopted on February 20, 2019 (*see* 84 FR 4953). The Proposed Q&As, however, briefly address private flood insurance in Section III, Q&As 1 and 2; Section VIII, Q&As 2 and 8.

Before reviewing the Proposed Q&As, we advise commenters read the “Section-by-Section Analysis” on pages 40446 through 40452 of the above hyperlinked *Federal Register*, which provide a summary of the proposed revisions to the existing Interagency Questions and Answers Regarding Flood Insurance (2009 and 2011 Interagency Q&As).

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