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**September 3, 2020 Update: The comment period is extended to November 3, 2020 (85 FR 54946, [click here](#)).**

**To:** Clients and Friends

**From:** David F. Dulock

**Subject:** Flood Insurance Proposed Interagency Questions and Answers

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.

(2 pages)

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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