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January 6, 2011

To: Clients and Friends

From: David F. Dulock

Subject: Mortgagee Letter 2010-43 – New FHA Flood Zone Requirements

This is to advise all clients that on December 28, 2010, FHA published the above Mortgagee letter (*copy attached*) that revises its flood zone requirements. Effective for all case numbers assigned on or after March 1, 2011:

1. Mortgagees must obtain life-of-loan flood zone determination services for all properties securing FHA loans.
2. Properties located within a designated Coastal Barrier Resource System unit are not eligible for an FHA-insured loan.

Attached to Mortgagee Letter 2010-43 is an Appendix that identifies the flood insurance requirements for the various property types covered by the letter.

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Attachments: Mortgagee Letter 2010-43
Appendix



DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

WASHINGTON, DC 20410-8000

ASSISTANT SECRETARY FOR HOUSING-
FEDERAL HOUSING COMMISSIONER

Date: December 28, 2010

To: All Approved Mortgagees
All Approved Mortgage Servicers
All FHA Roster Appraisers

Mortgagee Letter 2010-43

Subject Flood Zone Requirements for Federal Housing Administration (FHA)
Insured Mortgages

Purpose This Mortgagee Letter provides new guidance on FHA Flood Zone requirements and updates Mortgagee Letter 2009-37. FHA now requires that all Mortgagees obtain a flood zone determination on all properties instead of strongly encouraging such action. In addition, FHA is now consistent with the Coastal Barrier Resources Act (CBRA) by prohibiting FHA Mortgage Insurance for properties located within designated coastal barriers.

New Requirements The new guidance contained in this Mortgagee Letter is as follows:

- A requirement that Mortgagees obtain life-of-loan flood zone determination services for all properties that will be collateral for FHA-insured mortgages.
- A notice that any property located within a designated Coastal Barrier Resource System (CBRS) unit is not eligible for an FHA-insured mortgage.

Effective Date All requirements contained in this Mortgagee Letter are effective for all case numbers assigned on or after March 1, 2011.

Changes to Existing Policy The changes to existing policy that are a part of this mortgagee letter provide new guidance and clarification of existing guidance. The revisions identify the Topic heading and provide the entire content of each block affected with the specific changes underlined. The changes will be integrated into the FHA Single Family On-Line Handbooks prior to March 1, 2011.

Continued on next page



DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

WASHINGTON, DC 20410-8000

ASSISTANT SECRETARY FOR HOUSING-
FEDERAL HOUSING COMMISSIONER

Date: **December 28, 2010, Continued**

Appendix

Attached is an Appendix that provides the Mortgagee with a tool to efficiently identify the Flood insurance requirements for the property types addressed in this Mortgagee Letter.

**Information
Collection**

Paperwork reduction information collection requirements contained in this document have been approved by the Office of Management and Budget (OMB) under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501-3520) and assigned OMB Control Number 2502-0059. In accordance with the Paperwork Reduction Act, HUD may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection displays a currently valid OMB Control Number.

Questions

If you have questions concerning this Mortgagee Letter, please call the FHA Resource Center at 1-800-CALLFHA (1-800-225-5342). Persons with hearing or speech impairments may reach this number via TDD/TTY by calling 1-877-TDD-2HUD (1-877-833-2483).

/s/

Signature

David H. Stevens
Assistant Secretary for Housing-Federal Housing Commissioner

Appendix

Appendix: Flood Zone Requirements

	New & Proposed Construction	Existing Construction	Manufactured Homes	Condos	All Other Properties
Life-of-Loan Flood Zone Determination	Required	Required	Required	Required	Required
Property located within Coastal Barrier Resource System (Protected Areas)	Property Not Eligible for FHA Insurance	Property Not Eligible for FHA Insurance	Property Not Eligible for FHA Insurance	Property Not Eligible for FHA Insurance	Property Not Eligible for FHA Insurance
Property located within Special Flood Hazard Area (SFHA)	Property Not Eligible for FHA Insurance	Adequate Flood Insurance for term of loan (if insurance under NFIP not available, property not eligible)	Property Not Eligible for FHA Insurance	Adequate Flood Insurance for term of loan (if insurance under NFIP not available, property not eligible)	Adequate Flood Insurance for term of loan (if insurance under NFIP not available, property not eligible)
Unless	Unless	Unless	Unless	Unless	Unless
Letter of Map Amendment (LOMA) or Letter of Map Revision (LOMR)	Property Eligible for FHA Insurance	No Flood Insurance Required	Property Eligible for FHA Insurance	No Flood Insurance Required	No Flood Insurance Required
Or	Or	Or	Or	Or	Or
FEMA National Flood Insurance Program (NFIP) Evaluation Certificate (FEMA Form 81-31)	Property Eligible for FHA Insurance Flood Insurance Required (if property remains in SFHA)	Flood Insurance Required (if property remains in SFHA)	Property Eligible for FHA Insurance Flood Insurance Required (if property remains in SFHA)	Flood Insurance Required (if property remains in SFHA)	Flood Insurance Required (if property remains in SFHA)