

BOARD ACTION MEMORANDUM

TO: NCUA Board

DATE: June 5, 2015

FROM: Office of General Counsel

SUBJ: Interagency Final Rule Regarding Loans in Areas Having Special Flood Hazards – Part 760

ACTION REQUESTED: Board approval of the attached interagency final rule regarding loans in areas having special flood hazards.

DATE ACTION REQUESTED: June 18, 2015.

OTHER OFFICES CONSULTED: E&I.

VIEWS OF OTHER OFFICES CONSULTED: Concur.

BUDGET IMPACT, IF ANY: None.

SUBMITTED TO INSPECTOR GENERAL FOR REVIEW: Yes.

RESPONSIBLE STAFF MEMBER: Frank Kressman, Associate General Counsel, Office of General Counsel.

SUMMARY: The NCUA, Office of the Comptroller of the Currency, Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, and Farm Credit Administration (collectively, the Agencies) are amending their regulations regarding loans in areas having special flood hazards to implement certain provisions of the Homeowner Flood Insurance Affordability Act of 2014 (HFIAA), which amends some of the changes to the Flood Disaster Protection Act of 1973 mandated by the Biggert-Waters Flood Insurance Reform Act of 2012 (Biggert-Waters). Specifically, the final rule requires the escrow of flood insurance payments on residential improved real estate securing a loan, consistent with the changes set forth in HFIAA. The final rule also incorporates an exemption in HFIAA for certain detached structures from the mandatory flood insurance purchase requirement. Furthermore, the final rule implements the provisions of Biggert-Waters related to the force placement of flood insurance. The Agencies plan to address the private flood insurance provisions in Biggert-Waters in a separate rulemaking. Because of the document length, please access the final rule from this link: <http://www.ncua.gov/about/BoardActions/Pages/BDMtg2015.aspx>. Please click on the agenda for the June Board meeting and then click on the appropriate item.

RECOMMENDED ACTION: We recommend the Board approve the interagency final rule.

ATTACHMENT: Final rule.