

## BOARD ACTION MEMORANDUM

**TO:** NCUA Board

**DATE:** October 21, 2013

**FROM:** Office of General Counsel /s/

**SUBJ:** Interagency Proposed Rule Regarding Loans in Areas Having Special Flood Hazards

**ACTION REQUESTED:** Public briefing by staff on the subject interagency proposed rule regarding loans in areas having special flood hazards.

**DATE ACTION REQUESTED:** October 24, 2013.

**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 MEMBERS:** Sarah Chung, Staff Attorney, Office of General Counsel.

**SUMMARY:** This proposed rule was jointly prepared by NCUA, FRB, FDIC, FCA, and OCC (Agencies). The principals of all of the Agencies have already taken action to approve the proposed rule, which amends their regulations regarding federal flood insurance to implement provisions of the Biggert-Waters Flood Insurance Reform Act of 2012 (Biggert-Waters). Specifically, the proposal establishes the following: 1) regulated lending institutions must accept “private flood insurance,” as defined in Biggert-Waters, as satisfaction of the flood insurance requirement; 2) an expansion of the escrow requirement for flood insurance payments to all residential loans secured by residential real estate; and 3) a clarification of the provisions relating to force placement of flood insurance. The proposal also clarifies the Agencies’ flood insurance regulations with respect to other amendments made by Biggert-Waters and makes other technical corrections. The proposed rule is posted on NCUA’s website at: [http://www.ncua.gov/News/Press/Final\\_Flood\\_NPR.pdf](http://www.ncua.gov/News/Press/Final_Flood_NPR.pdf).

**RECOMMENDED ACTION:** Staff presentation of the interagency proposed rule previously approved by notation vote.