

From: [Davidson, Rob](#)
To: [Regulatory Comments](#)
Subject: October 30, 2014 - Proposed Rule – Loans in Areas Having Special Flood Hazards – RIN 3133-AE40
Date: Monday, December 29, 2014 10:55:07 AM

[This message was sent securely using ZixCorp.](#)

AgChoice Farm Credit, ACA
900 Bent Creek Blvd.
Mechanicsburg, PA 17050

December 29, 2014

Mr. Barry F. Mardock, Deputy Director
Office of Regulatory Policy
Farm Credit Administration
1501 Farm Credit Drive
McLean, VA 22102-5090

Legislative and Regulatory Activities Division
Office of the Comptroller of the Currency
400 7th Street S.W., Suite 3D-218
Mail Stop 9W-11
Washington, DC 20219

Robert E. Feldman, Executive Secretary
Attn: Comments/Legal Ess
Federal Deposit Insurance Corporation
550 17th Street, N.W.
Washington, DC 20429

Gerard Poliquin, Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314-3428

Mr. Robert deV. Frierson, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue NW.
Washington, DC 20551

RE: Proposed Rule – Loans in Areas Having Special Flood Hazards – RIN 3133-AE40

AgChoice Farm Credit Association (AgChoice), on behalf of its member-owners, appreciates the opportunity to comment on the proposed rule published in the October 30, 2014 Federal Register addressing requirements for loans in areas having special flood hazards.

AgChoice is committed to ensuring that its owner-borrowers implement appropriate risk management strategies. Additionally, we must be certain that any collateral securing loans is adequately protected from damage or loss. To that end we are strong proponents of flood insurance when appropriate.

As a result of servicing an area with a large number of designated Flood Hazard Areas, we are often confronted with situations where non-residential structures of relatively low value, including sheds, barns and other accessory structures are located within the Flood Hazard

Area. In many cases these structures are ultimately deemed uninsurable because the deductible exceeds their value.

We strongly support the exemption of flood insurance in the case of any residential property, for any structure that is a part of such property but is detached from the primary residential structure and does not serve as a residence, proposed regulation 614.4930(c)(3).

We believe that this section does require further clarification and would urge that the definition of Residential Improved Real Estate as found in 12 CFR §339.2 be adopted as part of this rule making to maintain constancy among National Flood Insurance Program regulations.

12 CFR §339.2 i) *Residential improved real estate* means real estate upon which a home or other residential building is located or to be located.

We further support the adoption of guidance related to the definition of residence that is consistent with other definitions found within the National Flood Insurance Program. This guidance should incorporate references to a building that serves as a dwelling that will be lived in.

This exemption should not be related to the purpose or type of loan. The ability of a lender to require flood insurance even if it meets this exemption, will provide the lender with the necessary discretion to determine the contribution of the structure to the value of the property.

Option to Escrow Notice, proposed regulation 614.4935(d)(2), compliance is a concern. As a result of the large number of loans that we service that are secured by property located in a Flood Hazard Zone, and our Institution's relative small size (> 2 Billion) it will be difficult and burdensome for use to identify and notify these property owners within 3 months. We feel that a one year delay from January 1, 2016 would be more appropriate and recommend that this be incorporated into the new rule.

The requirement that the mandatory escrow of flood insurance premium and fees must be payable with the same frequency as payments on the loan for the duration of the loan (proposed regulation 614.4935) will be extremely difficult to comply with for non-traditional payment arrangements. Currently our systems are only able to collect escrow payments on a monthly basis. We service many accounts that only make payments on an annual or semi-annual basis. We would request that this requirement allow for a mutual agreement between the borrower and customer regarding escrow payment arrangements, or an exemption for such non-traditional mortgage payment arrangements.

AgChoice Farm Credit supports this rule making to establish a clear policy and procedure to implement the recently enacted legislation. We believe that addressing these comments will ensure that we can effectively implement the intent of these provisions. Thank you for this opportunity to provide these comments. Please do not hesitate in contacting me if you have any questions or require any additional information.

Respectfully,



Darrell L. Curtis, President and CEO

dcurtis@agchoice.com

***** N O T I C E *****

The information contained in this transmission and its attachments (an "e-communication") are intended solely for the use of the intended recipient(s) and may contain information that is privileged, confidential, proprietary and/or otherwise protected by work product immunity or other legal rules. No confidentiality, privilege, intellectual property rights or other protection is waived or lost by any transmission errors. If you are not an intended recipient, please notify the sender, and delete and destroy all copies and attachments. Be advised that any review, disclosure, copying, or dissemination of the information contained in this e-communication is prohibited. The transmission and content of this e-communication cannot be guaranteed to be secure, free of errors or viruses, complete, accurate, and/or uncorrupted, and it should not be relied upon as such.

This message was secured by [ZixCorp](#)^(R).