

DEPARTMENT OF THE TREASURY**Office of the Comptroller of the Currency****12 CFR Part 22**

[Docket No. 95-12]

RIN 1557-AB47

FEDERAL RESERVE SYSTEM**12 CFR Part 208**

[Regulation H, Docket No. R-0882]

FEDERAL DEPOSIT INSURANCE CORPORATION**12 CFR Part 339**

RIN 3064-AB62

DEPARTMENT OF THE TREASURY**Office of Thrift Supervision****12 CFR Part 563**

[No. 95-124]

RIN 1550-AA82

FARM CREDIT ADMINISTRATION**12 CFR Part 614**

RIN 3052-AB57

NATIONAL CREDIT UNION ADMINISTRATION**12 CFR Part 760****Loans in Areas Having Special Flood Hazards**

AGENCIES: Office of the Comptroller of the Currency, Treasury (OCC); Board of Governors of the Federal Reserve System (Board); Federal Deposit Insurance Corporation (FDIC); Office of Thrift Supervision, Treasury (OTS); Farm Credit Administration (FCA); and National Credit Union Administration (NCUA) (collectively, the Federal entities for lending regulation or the agencies).

ACTION: Joint final rule.

SUMMARY: The OCC, Board, FDIC, OTS, and NCUA are amending their regulations concerning loans in areas having special flood hazards to require depository institutions to use the Standard Flood Hazard Determination Form (the standard form) in determining whether real property offered as collateral for a loan is located in a special flood hazard area. The FCA is adopting this same requirement in new regulations. The standard form has been developed by the Federal Emergency

Management Agency (the FEMA), in consultation with the Federal entities for lending regulation and other agencies. Use of the standard form will help ensure that borrowers obtain the required flood insurance for improved real property and mobile homes located in special flood hazard areas.

EFFECTIVE DATE: January 2, 1996.

FOR FURTHER INFORMATION CONTACT:

OCC: Carol Workman, Compliance Specialist, Compliance Management (202) 874-4858, Margaret Hesse, Attorney, Community and Consumer Law Division, (202) 874-5750, or Jacqueline L. Lussier, Senior Attorney, Legislative and Regulatory Activities Division, Office of Chief Counsel, (202) 874-5090, Office of the Comptroller of the Currency, 250 E Street, SW, Washington, D.C. 20219.

BOARD: Diane Jackins, Senior Review Examiner, or Jennifer Lowe, Review Examiner, Division of Consumer and Community Affairs, (202) 452-3946, or Lawranne Stewart, Senior Attorney, (202) 452-3513, or Rick Heyke, Attorney, (202) 452-3688, Legal Division, Board of Governors of the Federal Reserve System, 20th Street and Constitution Avenue, NW, Washington, D.C. 20551.

FDIC: Mark Mellon, Senior Attorney, Regulation and Legislation Section, Legal Division, (202) 898-3854, or Ken Baebel, Senior Review Examiner, (202) 942-3086, or Barbara L. Boehm, Consumer Affairs Specialist, (202) 942-3631, Division of Compliance and Consumer Affairs, Federal Deposit Insurance Corporation, 550 17th Street, NW., Washington, D.C. 20429.

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FCA: Robert G. Magnuson, Policy Analyst, Regulation Development, Office of Examination, (703) 883-4498, or William L. Larsen, Senior Attorney, Office of General Counsel, (703) 883-4020, Farm Credit Administration, 1501 Farm Credit Drive, McLean, VA 22102-5090.

NCUA: Kimberly Iverson, Program Officer, (703) 518-6375, or Jeffrey S. Mooney, Staff Attorney, (703) 518-6563, 1775 Duke Street, Alexandria, VA 22314-3428.

SUPPLEMENTARY INFORMATION:**I. Background***Federal Flood Insurance Legislation*

Congress enacted the National Flood Insurance Act of 1968 (the 68 Act) (Pub.

L. 90-448, 82 Stat. 476) and the Flood Disaster Protection Act of 1973 (the 73 Act) (Pub. L. 93-234, 87 Stat. 975) to provide, through the authorization of a Federal flood insurance program, an opportunity for property owners to purchase protection for property subject to flooding. The 68 Act and the 73 Act are codified at 42 U.S.C. 4001 *et seq.*

The Reform Act

Amendments to the 68 Act and the 73 Act are set forth in the National Flood Insurance Reform Act of 1994 (the Reform Act), Title V of the Riegle Community Development and Regulatory Improvement Act of 1994 (Pub. L. 103-325, 108 Stat. 2160). Several of these amendments require implementing regulations by the Federal entities for lending regulation.¹

As amended by the Reform Act, the 73 Act directs the Federal entities for lending regulation (a term defined by section 3(a)(5) of the 73 Act (42 U.S.C. 4003(a)(5)) to include the OCC, Board, FDIC, OTS, FCA, and the NCUA) to issue regulations which direct regulated lending institutions (a term defined by section 3(a)(10) of the 73 Act (42 U.S.C. 4003(a)(10)) to include any bank, savings and loan association, Farm Credit System institution, and credit union) which are subject to their supervision to ensure that any loan secured by improved real estate or a mobile home (real property) located or to be located in a special flood hazard area is covered for the term of the loan by flood insurance. Section 102(b) of the 73 Act (42 U.S.C. 4012a(b)).

Standard Flood Hazard Determination Form

Section 528 of the Reform Act amends the 68 Act by adding a new section 1365 (42 U.S.C. 4104b). Section 1365(a) of the 68 Act requires the Director of the FEMA, in consultation with the Federal entities for lending regulation (among others), to develop a Standard Flood Hazard Determination Form for use in determining whether real property offered as collateral on a loan is located in a special flood hazard area. Section 1365(a) states that the standard form shall be established by FEMA regulations issued not later than 270 days after the date of enactment of the Reform Act. The Reform Act was signed

¹ One change effected by the Reform Act is to make Farm Credit System institutions subject for the first time to the requirements of the 68 Act and the 73 Act. See sections 1370(a)(13) of the 68 Act (42 U.S.C. 4121(a)); and 3(a)(10) of the 73 Act (42 U.S.C. 4003(a)(10)). As a result, the FCA, the Federal entity responsible for the supervision of such institutions, must promulgate regulations to implement the requirements of these statutes. This final rule is part of that project.