



June 16, 2015

FDIC Approves Final Rule to Implement Flood Insurance Requirements

During its meeting this morning, the FDIC board announced approval of a **final rule** to implement certain flood insurance requirements pursuant to BW 12 and HFIAA ("Final Rule"). Once approved by each of the regulatory lending agencies, the Final Rule will implement the force-placed flood insurance provisions proposed by the regulators in October 2013 as well as provisions related to the escrow of flood insurance and the exception of certain detached structures from the mandatory purchase requirement that were proposed by the regulators in October 2014.

As set forth in the Final Rule, and pending official approval, the regulators are adopting their initial proposal related to clarifying that a lender or servicer may charge a borrower beginning on the date that flood insurance lapsed or was insufficient. Regarding the escrow requirement, the regulators made revisions to their original proposal by making some modifications and adding clarifications on certain requirements including the categories of exceptions to the escrow requirement, the effect of map changes, and the small lender exemption. Regarding detached structures, the regulators are adding clarifications for determining structures that qualify for this exception. Furthermore, the regulators are including language in their sample notice to borrowers in special flood hazards acknowledging that lenders may still require flood insurance on applicable detached structures. The Final Rule indicates that the escrow provisions and adoption of the sample notice to borrower will become effective January 1, 2016 while the effective date of other provisions will be October 1, 2015.

Once approved and published in the Federal Register, you will want to review the Final Rule with your compliance and legal departments, and continue determining how you may need to adapt your business process to meet these requirements. We will continue to monitor the activities of the agencies regarding the Final Rule, however, in the meantime, if you have questions or comments regarding the information shared in this Industry Alert, please contact us at floodcompliance@corelogic.com. Feel free to forward this alert to colleagues who may be interested in receiving this information. Individuals may also subscribe to future *Industry Alerts* [here](#).

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