To State Member Banks, Bank
Holding Companies, Financial Holding
Companies, Savings and Loan Holding Companies,
and Foreign Banking Offices
in the Twelfth Federal Reserve District

Act of 2012 (Biggert-Waters Act) and Rescission of FEMA’s Mandatory Purchase of Flood
Insurance Guidelines

On July 6, 2012, Congress amended the Flood Disaster Protection Act of 1973 when it enacted the
Biggert-Waters Act. Certain provisions of the Biggert-Waters Act impact regulations, as well as guidance
that the federal financial institution supervisory agencies have provided to lenders to assist them in
complying with federal flood insurance statutes. In response, the Board of Governors of the Federal
Reserve System, the Federal Deposit Insurance Corporation, the Office of the Comptroller of the
Currency, the National Credit Union Administration, and the Farm Credit Administration (the Agencies)
developed the attached guidance to inform financial institutions about these provisions of the Biggert-
Waters Act.

This guidance identifies and describes several provisions of the Biggert-Waters Act that will become
effective when the Agencies publish implementing regulations, including the provisions relating to escrow
accounts and private flood insurance policies. The guidance further discusses two other lender-related
provisions of the Biggert-Waters Act, those addressing force placement and civil money penalties, which
became effective immediately upon enactment. The force placement provisions address the coverage
periods for which premiums and fees may be charged, the termination of force placed insurance and the
refund of premiums, and the acceptable information/documentation that may service as evidence of the
borrower’s existing flood insurance coverage. The Biggert-Waters Act also increases the maximum civil
money penalty for a violation of the Flood Disaster Protection Act to $2,000 per violation. Given that
these provisions were effective upon enactment, the Board of Governors may assess civil money
penalties up to the revised statutory maximum for flood insurance violations that occurred on or after July
6, 2012. Lastly, the guidance discusses the impact of the Biggert-Waters Act on the Interagency
Questions and Answers Regarding Flood Insurance.

In light of the changes required by the Biggert-Waters Act, FEMA has identified outdated information and
guidance in its Mandatory Purchase of Flood Insurance Guidelines booklet (Guidelines). As a result,
FEMA has rescinded the Guidelines.

Additional Information

All circulars and documents are available on the Internet through the Federal Reserve Bank of San
Francisco’s website, at http://www.frbsf.org/banking/letters.

For additional information regarding supervisory expectations, please contact:
Federal Reserve Bank of San Francisco
Banking Supervision and Regulation
(801) 322-7853

Attachment:
CA Letter 13-2 Interagency Statement on the Impact of Biggert Waters
FEMA Rescission of Mandatory Purchase of Flood Insurance Guidelines