

FEDERAL RESERVE BANK OF SAN FRANCISCO  
101 MARKET STREET, SAN FRANCISCO, CALIFORNIA 94105

January 10, 2003

**BANKING SUPERVISION AND REGULATION:  
LAPSE OF FEMA AUTHORITY TO  
ISSUE FLOOD INSURANCE CONTRACTS**

To State Member Banks  
and Others Concerned,  
in the Twelfth Federal Reserve District

**Lapse of Federal Emergency Management Agency (FEMA) Authority to Issue Flood Insurance Contracts (CA 02-13)**

Although Congress adjourned at the end of November 2002 without extending the statutory authority in the National Flood Insurance Act of 1968 to issue flood insurance policies under the National Flood Insurance Program (NFIP), state member banks may continue to make loans without flood insurance during the period that the NFIP is not available. FEMA has indicated that it expects the new Congress to reauthorize the NFIP shortly after it convenes this month. CA 02-13 outlines situations that may arise during this period of lapsed authority for lenders and borrowers concerning loans that are or will be secured by property located in a special flood hazard area. This letter, as well as information issued by Freddie Mac and the Federal Insurance and Mitigation Administration, is posted to our Internet website at <http://www.frbsf.org/banking/letters>.

**Additional Information**

All circulars and documents are available on the Internet through the Federal Reserve Bank of San Francisco's Internet site, at <http://www.frbsf.org/banking/letters>. Paper copies of this information available from our Corporate Services Department. To request copies to be sent by mail, please call (415) 974-2060.

For additional information about the lapse of flood insurance authorization, please contact our Banking Supervision and Regulation Department at (415) 974-3329.

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Attachments