

May 9, 2008

Mira N. Marshall  
Senior Policy Analyst (Compliance)  
Division of Supervision and Consumer Protection  
Federal Deposit Insurance Corporation  
550 17th Street, NW  
Washington, DC 20429

Re: RIN Number 3064-ZA00  
Loans in Areas Having Special Flood Hazards; Interagency Questions and Answers  
Regarding Flood Insurance

Dear Ms. Marshall:

I appreciate the opportunity to comment on the proposed Interagency Questions and Answers Regarding Flood Insurance. I am the Vice President of Loan Administration and Compliance at First State Bank in Scottsbluff, Nebraska. The FDIC regulates the bank.

Following are my comments on the proposed Frequently Asked Questions (FAQs).

**Question/Answer #3 & #40**

The answer to question #3 states that a lender's purchase of 100% of a loan is not an event that triggers the flood insurance requirements. The answer to question #40 addresses participating lenders who purchase less than 100% of the loan and states, "each participating lender remains individually responsible for ensuring compliance with the Act and Regulation." It also indicates the regulators will expect all participating lenders to have controls in place to ensure the lead bank's compliance with the flood insurance requirements.

It doesn't make sense to place a greater burden on a financial institution that only purchases a portion of the loan as compared to a lender that purchases 100% of a loan. The commentary allows lenders who purchase 100% of a loan to rely on the originating lender for compliance but does not allow lenders who purchase less than 100% of a loan to do the same thing. Requiring all participating banks to monitor the activities of the lead bank would be a waste of time and resources. Please consider modifying this requirement. It would be very burdensome for the participating banks.

**Question/Answer #21 & #22**

I question why these comments are limited to agricultural lending. Other types of lending (commercial and residential) may also involve low value buildings as discussed in question #21 or multiple buildings spread over a large area as in question #22. The answer to question #21 indicates that the "Act does not differentiate agricultural lending from other types of lending." So why be so specific? I recommend changing these questions to include all loan types where the collateral includes multiple structures or low value buildings.

**Question/Answer #26**

The answer to this question states, "Lenders are encouraged to apprise borrowers of this risk" in relation to coverage shortfalls for condominium dwelling policies. I believe that this is the job of the insurance agents who are better able to explain such risks. Bankers are not insurance agents and often are not familiar with insurance products or practices. I ask that you revise this statement.

**Question/Answer #33**

Does this answer apply to all subordinate lien loans or is it limited to home equity loans?

**Question/Answer #35**

This question and answer addresses contents insurance. I would appreciate it if you could provide an example of how to calculate the proper amount of contents coverage.

I appreciate the opportunity to submit comments on this guidance.

Sincerely,

Lisa Lockwood  
Vice President - Loan Administration & Compliance  
First State Bank  
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