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October 26, 2011

FDIC

Via email

Re: Flood Insurance (RIN #3064-ZA00)

Ladies and Gentlemen:

I appreciate the opportunity to comment on the proposed questions and answers regarding flood insurance. Nebraska State Bank is a privately owned bank located in western Nebraska. We are aware of and appreciate the significant amount of work involved in addressing flood insurance issues affecting the entire country.

This comment is addressing proposed question and answer 62. I feel that lenders should be able to charge a borrower for the cost of insurance during the 45-day notice period. The lender experiences direct and indirect costs by being responsible to ensure that flood insurance is in place during the life of the loan and complying with other flood insurance related tasks. The lender is subject to potential fines if the flood insurance is not in an adequate amount or in place at all times. The borrower doesn't have much incentive to purchase flood insurance if there is no direct consequence to letting their flood insurance lapse or not purchase the correct amount of insurance.

I also feel that the lender does not need "express authority" from the borrower to charge the borrower. A normal condition of making the loan is that it is understood that the borrower must have flood insurance in place during the life of the loan. The proposal states that "the Agencies are concerned that borrowers are not adequately aware of higher costs of lender-placed flood insurance." It is my experience that the FDIC expects the lender to be well-versed in flood insurance issues related to lending. While I believe that the lender can be a valuable source of information to the borrower, it should not be the lender's responsibility to bear the financial consequence of an uninformed borrower. The borrower should take steps to become knowledgeable about prudent ways to protect their assets.

Thank you for taking time to review my comments.

Sincerely,

A handwritten signature in cursive script, appearing to read "Jim Levick".

Jim Levick, Vice President