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***Submitted via email***

December 1, 2011

Robert E. Feldman, Executive Secretary  
Attention: Comments  
Federal Deposit Insurance Corporation  
550 17<sup>th</sup> Street, NW  
Washington, DC 20429  
*Attention: RIN Number 3064-ZA00*

Jennifer J. Johnson, Secretary  
Board of Governors of the  
Federal Reserve System  
20th Street & Constitution Ave., NW  
Washington, DC 20551  
*Attention: Docket No. OP-1431*

Office of the Comptroller of the Currency  
250 E Street, SW, Mail Stop 2-3  
Washington, DC 20219  
*Attention: Docket ID OCC-2011-0024*

Gary K. Van Meter, Deputy Director  
Office of Regulatory Policy  
Farm Credit Administration  
1501 Farm Credit Drive  
McLean, VA 22102-5090  
*Attention: RIN 3052-AC46*

**Re: Proposed Interagency Questions and Answers Regarding Flood Insurance**

Dear Sir or Madam:

The Independent Community Bankers of America (ICBA)<sup>1</sup> welcomes the opportunity to comment on the proposed guidance to update the Interagency Questions and Answers (Q&As) Regarding Flood Insurance. The additional guidance is being proposed by the Office of the Comptroller of the Currency, Federal Reserve, Federal Deposit Insurance Corporation, Farm Credit

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<sup>1</sup>*The Independent Community Bankers of America represents nearly 5,000 community banks of all sizes and charter types throughout the United States and is dedicated exclusively to representing the interests of the community banking industry and the communities and customers we serve. ICBA aggregates the power of its members to provide a voice for community banking interests in Washington, resources to enhance community bank education and marketability, and profitability options to help community banks compete in an ever-changing marketplace.*

*With nearly 5,000 members, representing more than 20,000 locations nationwide and employing nearly 300,000 Americans, ICBA members hold \$1 trillion in assets, \$800 billion in deposits, and \$700 billion in loans to consumers, small businesses and the agricultural community. For more information, visit ICBA's website at [www.icba.org](http://www.icba.org).*

Administration and National Credit Union Administration (collectively, the Agencies).

The National Flood Insurance Reform Act of 1994 (the Reform Act) revised the two federal flood insurance statutes, the National Flood Insurance Act of 1968 and the Flood Disaster Protection Act of 1973. The Reform Act required the Agencies to revise their flood insurance regulations. To clarify their regulations, the Agencies issued guidance in the form of Interagency Q&As. Based on comments received in response to Q&As initially proposed on July 21, 2009, the Agencies have significantly revised two Q&As regarding force placement of flood insurance and are proposing revision to a previously finalized Q&A.

In particular, the Agencies ask for feedback regarding proposed Q&A 62, which would allow a lender or its servicer to charge a borrower for insurance coverage for any part of the 45-day notice period in which no adequate borrower-purchased flood insurance coverage is in effect, if the borrower has given the lender or its servicer the express authority to charge for such coverage as a contractual condition of the loan being made. The Agencies note that a National Flood Insurance Program (NFIP) policy provides coverage for the mortgagee for 30 days after lapse of their insurance. Proposed Q&A 62 does not directly address whether a lender may charge the borrower for coverage during the 30 days after lapse of the borrower-purchased NFIP policy, during which time the policy is still in effect, other than stating the lender may charge a borrower for insurance coverage for any part of the 45-day notice period in which no adequate borrower-purchased flood insurance coverage is in effect. The Agencies seek comment on whether any final Q&A on this issue should provide that lenders may not charge for additional overlapping lender-placed coverage during that 30-day period.

ICBA urges the Agencies to clarify in Q&A 62 that the lender or its servicer may charge a borrower for insurance coverage during any part of the 45-day notice period, even during the 30-day grace period after lapse of the borrower-purchased NFIP policy. Financial institutions should have the ability to protect consumers and the loan collateral pursuant to a contractual agreement with the consumer regardless of whether the insurance is placed during the 30-day grace period. It is in the borrower's best interest if flood insurance coverage on the collateral is purchased by the lender or servicer during the 45-day notice period after a policy lapses if a borrower has not renewed the policy or otherwise purchased insurance. If a lender or a servicer is able to be compensated for this insurance, it will be more likely that the insurance is quickly purchased and there is continuous flood insurance coverage throughout the life of the mortgage loan. This process should be simple and straightforward, and not complicated by further requirements regarding which day the lender can begin charging for the insurance. The consumer would be fully aware and on notice of any such policy, as the Q&A would require the lender or its servicer to obtain the express

authority to charge for such coverage as a contractual condition of the loan being made.

Thank you for considering our comments. We welcome the opportunity to meet with you any time to discuss our comments in more detail and answer any questions about community bank lending. Please do not hesitate to contact me any time at 202-659-8111 or by email at [Elizabeth.Eurgubian@icba.org](mailto:Elizabeth.Eurgubian@icba.org).

Sincerely,

/s/

Elizabeth A. Eurgubian  
Vice President & Regulatory Counsel