



**Federal Deposit Insurance Corporation**  
550 17th Street NW, Washington, D.C. 20429-9990

**Financial Institution Letter**  
**FIL- 42-2009**  
**July 21, 2009**

## **FLOOD INSURANCE**

### **Revised Interagency Questions and Answers Regarding Flood Insurance**

**Summary:** The FDIC, along with the other federal financial institution regulatory agencies and the Farm Credit System (the agencies), have issued the attached updated *Interagency Questions and Answers Regarding Flood Insurance*. In addition, the agencies are requesting public comment on five new questions and answers. Comments on the new questions and answers are due by September 21, 2009.

**Distribution:**

FDIC-Supervised Banks (Commercial and Savings)

**Suggested Routing:**

Chief Executive Officer  
Compliance Officer  
Chief Lending Officer

**Attachment:**

Notice and Request for Comment; Interagency Questions and Answers Regarding Flood Insurance

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**Note:**

FDIC financial institution letters (FILs) may be accessed from the FDIC's Web site at [www.fdic.gov/news/news/financial/2009/index.html](http://www.fdic.gov/news/news/financial/2009/index.html).

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Paper copies of FDIC financial institution letters may be obtained through the FDIC's Public Information Center, 3501 Fairfax Drive, Room E-1002, Arlington, VA 22226 (1-877-275-3342 or 703-562-2200).

**Highlights:**

- The attached revised *Interagency Questions and Answers* provide information to help financial institutions meet their compliance responsibilities under the federal flood insurance laws and regulations, and to increase public understanding of flood insurance requirements.
- New questions and answers, as well as substantive and technical revisions to the existing guidance, address construction loans, residential condominium loans, loan syndications and participations, private insurance policies, and mandatory civil money penalties.
- The questions and answers proposed in March 2008 were revised in response to public comment, particularly with respect to resolving flood zone discrepancies, the amount of required flood insurance for junior liens, private insurance policies, and the timing of required coverage for condominium loans.
- The agencies also are proposing five new questions and answers for public comment that address the definition of insurable value and issues relating to force placement.
- The revised *Interagency Questions and Answers* supersede the 1997 *Interagency Questions and Answers* and take effect on September 21, 2009. However, certain guidance relating to condominium coverage applies only to loans made, extended, or renewed after that date.