



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON, D. C. 20551

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DIRECTOR
DIVISION OF CONSUMER
AND COMMUNITY AFFAIRS

CA 13 -2

March 29, 2013

**TO THE OFFICERS AND MANAGERS IN CHARGE OF CONSUMER AFFAIRS
SECTIONS AND TO EACH DOMESTIC BANKING ORGANIZATION SUPERVISED
BY THE FEDERAL RESERVE:**

SUBJECT: Interagency Statement on the Impact of Biggert-Waters Act

Applicability to Community Banking Organizations: This guidance applies to all state member banks, including those with \$10 billion or less in consolidated assets.

On July 6, 2012, Congress amended the Flood Disaster Protection Act of 1973 when it enacted the Biggert-Waters Flood Insurance Reform Act of 2012 (the Biggert-Waters Act). Certain provisions of the Biggert-Waters Act impact regulations and guidance that the federal financial institution supervisory agencies have provided to lenders to assist them in complying with federal flood insurance statutes. In response, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the Office of the Comptroller of the Currency, the National Credit Union Administration, and the Farm Credit Administration (the Agencies) developed the attached guidance to inform financial institutions about these provisions of the Biggert-Waters Act.

This guidance identifies and describes several provisions of the Biggert-Waters Act that will become effective when the Agencies publish implementing regulations. The guidance further discusses two lender-related provisions of the Biggert-Waters Act, those addressing force placement and civil money penalties, which became effective immediately upon enactment. The Biggert-Waters Act revises the maximum civil money penalty for a violation of the Flood Disaster Protection Act to \$2,000 per violation. The Board of Governors may assess civil money penalties up to the statutory maximum for flood insurance violations that occurred on or after July 6, 2012.

Federal Reserve Banks are asked to distribute this letter and the accompanying guidance to state member banks and bank holding companies, as well as to supervisory and examination staff. If you have any questions concerning this guidance, please contact Lanette Meister at (202) 452-2705.

Sincerely,

A handwritten signature in black ink, appearing to read "Sarah Braunstein". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Attachment: Interagency Statement on the Impact of Biggert-Waters Act