

To: CHFA Lenders
From: CHFA Single Family Underwriting
Subject: Acceptance of Private Flood Insurance

The Biggert-Waters Flood Insurance Reform Act of 2012 amended Federal flood insurance legislation for issuance of a final rule effective July 1, 2019. Insured lending institutions are directed to accept private flood insurance as defined by the Biggert-Waters Act as satisfaction of the mandatory purchase and flood insurance coverage requirements under the Flood Disaster Protection Act of 1973, as amended.

Federal National Mortgage Association (FNMA) Selling Notice - June 5, 2019

Private flood insurance policies may be delivered as an alternative to National Flood Insurance program (NFIP) policies. To qualify, the terms and amount of coverage must be at least equal to that provided under an NFIP policy based on a review of the full policy issued by the private insurer. In addition, the insurer must meet the rating requirement in the Selling Guide for property insurers. (See *Selling Guide B7-3-07 and Servicing Guide, B-3-01*)

Federal Home Loan Mortgage Corporation (FHLMC) Bulletin 2019-11 - June 5, 2019

Freddie Mac will continue to apply their criteria for acceptance of a private flood insurance policy, as defined in the Biggert-Waters Act. These Guide requirements in *Section 8202.3*, with insurer rating requirements in *Section 8202.1*, apply to all Seller/Servicers, including an institution subject to the federal banking agencies' rule regardless of the rule provision (mandatory or discretionary) used to accept a private flood insurance policy.

Federal Housing Administration (FHA)

HUD is proposing to amend regulations to allow private flood insurance on FHA-insured mortgages in satisfaction of the mandatory purchase requirement for properties located in Special Flood Hazard Areas. Current FHA regulations do not allow private flood insurance as an option and requires mortgagors to obtain and maintain NFIP flood insurance for the duration of the mortgage, to the extent NFIP is available. (RIN: 2502-AJ43)

Effective July 1, 2019, CHFA will allow private mortgage insurance policies with file submissions as outlined above with the exception of FHA insured mortgages, which are pending notification of an amendment to their current regulations.

All questions regarding this Bulletin should be directed to Valencia Taft-Jackson at (860) 571-4224 or valencia.taft-jackson@chfa.org or Hazim Taib at (860)571-4250 or hazim.taib@chfa.org