

BANKWISE

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FLOOD DISASTER PROTECTION ACT

The **Flood Disaster Protection Act (FDPA)** is designed to ensure that buildings or mobile homes located in federally designated flood hazard areas have adequate flood insurance coverage when financed by federally regulated lenders.

This law aims to reduce the financial burden of property damage from floods on homeowners, taxpayers, and the federal government.

KEY PROTECTIONS



Flood Loss Protection

Lenders must make sure borrowers with buildings or mobile homes located in [Special Flood Hazard Areas](#) (SFHA) have adequate flood insurance coverage.



Timely Notification

Lenders must inform borrowers if their building or mobile home is in an SFHA and whether flood insurance is available under the National Flood Insurance Program (NFIP). If insurance is available under the program, the notice must also state that flood insurance is required before the loan transaction is completed.



Flood Insurance Escrowing

Lenders generally must make sure funds are set aside to maintain flood insurance. The law requires that lenders escrow flood insurance premiums and related fees for designated loans secured by residential improved real estate or a mobile home unless an exception applies.



RESOURCES



Contact lender: For loan questions or issues, start by contacting the lender directly to resolve the matter.



Read: Learn more about [FDPA](#). Visit the Federal Emergency Management Agency's [What's Your Flood Risk?](#)



Get assistance: The OCC's [HelpWithMyBank.gov](#) has answers to questions on a range of banking topics, including [mortgages and flood insurance](#), and information on how customers may file a complaint against an OCC-supervised institution.



Find who regulates your financial institution: Visit [HelpWithMyBank.gov](#) to contact your bank's regulator for assistance. The [National Credit Union Administration](#) regulates most credit unions.

BANK REQUIREMENTS

Banks are required to comply with FDPA and its implementing regulation. In addition to the protections listed under the KEY PROTECTIONS section:

BANKS MUST:

- **identify buildings or mobile homes** located in an SFHA.
- **require flood insurance** be maintained for the life of the loan if a building or mobile home is in an SFHA where flood insurance is available under the NFIP.
- **provide notice to borrowers** before a loan is made that the property is in an SFHA and whether flood insurance is available and required.

BANKS MAY NOT:

- **make, increase, extend, or renew loans without flood insurance** for buildings or mobile homes located in an SFHA where flood insurance is available under the NFIP.
- **disregard a flood insurance lapse.** A bank is required to ensure timely placement of flood insurance, including force-placement of insurance when necessary.
- **fail to notify borrowers** considering a building or mobile home located in an SFHA about any flood insurance requirements at the appropriate time during the loan process.

BANKS MAY (optional)

- **offer borrowers referrals** to insurance providers that offer flood insurance policies—if these referrals comply with other applicable laws and regulations.



Office of the
Comptroller of the Currency

Promoting a Safe, Sound, and Fair Federal Banking System



The Office of the Comptroller of the Currency's (OCC) mission is to ensure that national banks and federal savings associations operate in a safe and sound manner, provide fair access to financial services, treat customers fairly, and comply with applicable laws and regulations.

Disclaimer: This fact sheet is for informational purposes only and does not constitute legal advice. The terms "bank" and "banks" generally refer to national banks, federal savings associations, and federal branches or agencies of foreign banking organizations that are OCC-regulated. For specific legal questions or concerns, consult with a qualified attorney.