

FEDERAL RESERVE BANK OF DALLAS

DALLAS, TEXAS 75222

Circular No. 74-258  
September 20, 1974

AMENDMENT TO REGULATION H

(Notice to Borrower of Special Flood Hazard)

To All Member Banks  
in the Eleventh Federal Reserve District:

The Board of Governors has amended the section of Regulation H which pertains to loans by State member banks on improved real estate or a mobile home in a flood hazard area.

The amendment requires State member banks--as a condition of making or renewing a loan secured by affected property--to provide a loan customer with written notice that the property is in a flood hazard area. The amendment, which is effective September 22, 1974, implements a statutory change to the Housing and Urban Development Act of 1968 adopted August 22, 1974.

Similar rules are being issued by other Federal regulatory agencies for institutions they supervise.

A copy of the amendment appears on the reverse side for insertion in the ring binder containing the regulations of the Board of Governors and bulletins of the Federal Reserve Bank of Dallas.

Yours very truly,

P. E. Coldwell

President

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

MEMBERSHIP OF STATE BANKING INSTITUTIONS  
IN THE FEDERAL RESERVE SYSTEM

AMENDMENT TO REGULATION H†

Effective September 22, 1974, § 208.8(e) shall be amended by adding a new subparagraph (4) as follows:

SECTION 208.8—BANKING PRACTICES

\* \* \* \* \*

**(e) Loans by State member banks in identified flood hazard areas.**

\* \* \* \* \*

**(4) Notice to borrower of special flood hazard.** After September 21, 1974, each State member bank shall as a condition of making, increasing, extending, or renewing any loan secured by improved real estate or a mobile home located or to be located in an area that has been identified by the Secretary of Housing and Urban Development as an area having special flood hazards, mail or deliver as soon as feasible but not less than 10

days in advance of closing of the transaction (or not later than the bank's commitment, if any, if the period between commitment and closing is less than 10 days) a written notice to the borrower that the property securing the loan is in an area so identified. In lieu of the notification required in this section, a bank may obtain satisfactory written assurances from a seller or lessor that such seller or lessor has notified the borrower, prior to the execution of any agreement for sale or lease, that the property securing the loan is in an area so identified. A bank shall require the borrower, prior to closing, to provide the bank with a written acknowledgment that the borrower realizes that the property, securing the loan or upon which a mobile home is or will be located, is in a special flood hazard area.

\* \* \* \* \*

†For this Regulation to be complete as amended effective September 22, 1974 retain:

- 1) Printed Regulation pamphlet as amended effective March 18, 1969.
- 2) Amendment to § 208.10(b) and (c) effective December 21, 1973.
- 3) Amendments adding a new § 208.8 and renumbering succeeding sections effective March 2, 1974.
- 4) Slip sheet effective September 16, 1974.
- 5) This slip sheet.

SEPTEMBER, 1974