

FEDERAL RESERVE BANK
OF NEW YORK

[Circular No. 7643]
May 29, 1975

AMENDMENT TO REGULATION H

Loans by State Member Banks in Flood Hazard Areas

*To All State Member Banks, and Others Concerned,
in the Second Federal Reserve District:*

The Board of Governors of the Federal Reserve System has amended its Regulation H, "Membership of State Banking Institutions in the Federal Reserve System," effective May 12, 1975. The amendment incorporates a one-year grace period into Section 208.8(e), which prohibits loans secured by real estate in flood hazard areas if the community is not participating in the national flood insurance program.

In submitting the amendment for publication in the *Federal Register*, the Board of Governors made the following statement:

The Board of Governors of the Federal Reserve System is amending Part 208 by adding §208.8(e)(5) to §208.8(e). This amendment incorporates into §208.8(e), which prohibits real estate loans in nonparticipating communities on or after July 1, 1975, the one-year grace period provided in section 201(d) of the Flood Disaster Protection Act of 1973 (42 U.S.C. 2001, *et seq.*) ("Act").

Section 201(d) of the Act provides that a member bank may not make, increase, extend or renew a loan secured by improved real estate or a mobile home located in a special flood hazard area, if the community is not participating in the national flood insurance program by July 1, 1975, or the expiration of one year from notification to the chief executive officer of a community by the Secretary of Housing and Urban Development that the community is one having special flood hazards, whichever is later. After the applicable date, all such loans will be prohibited unless the community is participating, and the borrower obtains flood insurance in the required amount.

Enclosed is a copy of the amendment to Regulation H; additional copies will be furnished upon request.

ALFRED HAYES,
President.

Board of Governors of the Federal Reserve System

MEMBERSHIP OF STATE BANKING INSTITUTIONS
IN THE FEDERAL RESERVE SYSTEM

AMENDMENT TO REGULATION H

Effective May 12, 1975, §208.8(e) is amended by adding a new subparagraph (5) thereto, to read as follows:

SECTION 208.8—BANKING PRACTICES

* * *

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

* * *

(5) On and after July 1, 1975, or after one year following the date of official notification to the chief executive officer of a community that the community is one containing special flood hazard areas, whichever is later, no State member bank shall make, increase, extend, or renew any loan secured by improved real estate or a mobile home located or to be located in such a special flood hazard area so identified by the Secretary of Housing and Urban Development unless the community in which such area is situated is then participating in the national flood insurance program.

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