§ 22.9 Notice of special flood hazards and availability of Federal disaster relief assistance.

(a) Notice requirement. When a bank makes, increases, extends, or renews a loan secured by a building or a mobile home located or to be located in a special flood hazard area, the bank shall mail or deliver a written notice to the borrower and to the servicer in all cases whether or not flood insurance is available under the Act for the collateral securing the loan.

(b) Contents of notice. The written notice must include the following information:

1. The special flood hazard area in which the building or mobile home is located.
2. A map showing the special flood hazard area.
3. Information on the availability of flood insurance in the special flood hazard area.
4. Information on the average annual cost of flood insurance in the special flood hazard area.
5. Information on the maximum coverage limits of flood insurance.
6. Information on the availability of Federal disaster relief assistance.

§ 22.8 Determination fees.

(a) General. Notwithstanding any Federal or State law other than the Flood Disaster Protection Act of 1973 as amended (42 U.S.C. 4001–4129), any bank, or a servicer acting on behalf of the bank, may charge a reasonable fee for determining whether the building or mobile home securing the loan is located or will be located in a special flood hazard area. A determination fee may also include, but is not limited to, a fee for life-of-loan monitoring.

(b) Borrower fee. The determination fee authorized by paragraph (a) of this section may be charged to the borrower if the determination:

1. Is made in connection with a making, increasing, extending, or renewing of the loan that is initiated by the borrower;
2. Reflects the Director of FEMA’s revision or updating of floodplain areas or flood-risk zones;
3. Reflects the Director of FEMA’s publication of a notice or compendium that:
   (i) Affects the area in which the building or mobile home securing the loan is located; or
   (ii) By determination of the Director of FEMA, may reasonably require a determination whether the building or mobile home securing the loan is located in a special flood hazard area; or
4. Results in the purchase of flood insurance coverage by the bank or its servicer on behalf of the borrower under § 22.7.

(c) Purchaser or transferee fee. The determination fee authorized by paragraph (a) of this section may be charged to the purchaser or transferee of a loan in the case of the sale or transfer of the loan.

§ 22.7 Forced placement of flood insurance.

If a bank, or a servicer acting on behalf of the bank, determines at any time during the term of a designated loan that the building or mobile home and any personal property securing the designated loan is not covered by flood insurance or is covered by flood insurance in an amount less than the amount required under § 22.3, then the bank or its servicer shall notify the borrower that the borrower should obtain flood insurance, at the borrower’s expense, in an amount at least equal to the amount required under § 22.3, for the remaining term of the loan. If the borrower fails to obtain flood insurance within 45 days after notification, then the bank or its servicer shall purchase insurance on the borrower’s behalf. The bank or its servicer may charge the borrower for the cost of premiums and fees incurred in purchasing the insurance.