Emergency Management Agency, Washington, DC 20472, (202) 646–3606.

SUPPLEMENTARY INFORMATION: Notice is hereby given that, in a letter dated August 18, 1995, the President declared a major disaster under the authority of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 *et seq.*), as follows:

I have determined that the damage in certain areas of the State of Minnesota, resulting from severe storms, straight line winds and tornadoes on July 9, 1995 through and including July 14, 1995, is of sufficient severity and magnitude to warrant a major disaster declaration under the Robert T. Stafford Disaster Relief and Emergency Assistance Act (''the Stafford Act''). I, therefore, declare that such a major disaster exists in the State of Minnesota.

In order to provide Federal assistance, you are hereby authorized to allocate from funds available for these purposes, such amounts as you find necessary for Federal disaster assistance and administrative expenses.

You are authorized to provide Public Assistance in the designated areas. Individual Assistance and/or Hazard Mitigation may be added at a later date, if requested and warranted. Consistent with the requirement that Federal assistance be supplemental, any Federal funds provided under the Stafford Act for Public Assistance or Hazard Mitigation will be limited to 75 percent of the total eligible costs.

The time period prescribed for the implementation of section 310(a), Priority to Certain Applications for Public Facility and Public Housing Assistance, 42 U.S.C. 5153, shall be for a period not to exceed six months after the date of this declaration.

Notice is hereby given that pursuant to the authority vested in the Director of the Federal Emergency Management Agency under Executive Order 12148, I hereby appoint David Skarosi of the Federal Emergency Management Agency to act as the Federal Coordinating Officer for this declared disaster.

I do hereby determine the following areas of the State of Minnesota to have been affected adversely by this declared major disaster:

Becker, Beltrami, Clay, Clearwater, Crow Wing, Hubbard, Itasca, Kittson, Mahnomen, Otter Tail, St. Louis, Wadena, and White Earth Reservation for Public Assistance.

(Catalog of Federal Domestic Assistance No. 83.516, Disaster Assistance)

Dated: August 21, 1995.

James L. Witt,

Director.

[FR Doc. 95–21394 Filed 8–28–95; 8:45 am]

BILLING CODE 6718–02–M

Mortgage Portfolio Protection Program

AGENCY: Federal Insurance Administration, FEMA.

ACTION: Notice.

SUMMARY: The Federal Insurance Administration (FIA), the Directorate within the Federal Emergency Management Agency (FEMA) responsible for the administration of the National Flood Insurance Program (NFIP), is announcing changes to the Mortgage Portfolio Protection Program (MPPP) and its response to comments and suggestions received regarding the MPPP. Changes have also been made to the MPPP Guidelines (and Appendices), where applicable, to comply with requirements mandated by the National Flood Insurance Reform Act of 1994 which was enacted on September 23, 1994.

EFFECTIVE DATE: October 1, 1994.

FOR FURTHER INFORMATION CONTACT: Tere Martin or Ed Connor, Federal Emergency Management Agency, Federal Insurance Administration, 500 C Street, SW., Washington, DC 20472. Mrs. Martin's telephone number is (202) 646–3430; and Mr. Connor's telephone number is (202) 646–3429.

SUPPLEMENTARY INFORMATION: In 1991, the Federal Insurance Administration (FIA) developed the Mortgage Portfolio Protection Program (MPPP) as a mechanism to be used as a last resort and at the option of a lending institution for securing flood insurance coverage for properties which are part of the lending institution's mortgage portfolio. The goals of the MPPP were and are, through the MPPP notification process, to encourage property owners whose structures are potentially susceptible to flood damage to purchase a conventional National Flood Insurance Program (NFIP) flood insurance policy, or, failing that, have the lending institution obtain an MPPP policy on the structure.

After two years' experience with the MPPP, on March 24, 1993, the FIA published a Notice in the **Federal Register** (58 FR 15874–15875) requesting public comments on the MPPP as outlined in the **Federal Register** of March 1, 1991 (56 FR 8882–8891).

Four questions were included in the 1993 Notice which were to be the subject of any responses.

A total of eight responses were received: two from different corporate parts of an insurance company participating in FIA's Write Your Own (WYO) Program that also participate in the MPPP, two from two other WYO companies participating in the MPPP, one from a WYO company not participating in the MPPP, two from vendor companies that service WYO companies, and one from a local government.

Regarding the questions, comments received, and FIA's response, they are as follows:

(1) Does the MPPP Work as Designed?

Five responses were received on this question. One WYO company stated that there was interest in the Program and that it was working for those lenders that used it but that there will be no serious participation until the threat of some type of financial penalty (against lenders that don't comply with the law) becomes reality through passage of pending legislation. It should be pointed out that the National Flood Insurance Reform Act of 1994 (the Reform Act) enacted September 23, 1994, contains provisions requiring increased compliance with the flood insurance purchase requirement mandated by the Flood Disaster Protection Act of 1973. The reform legislation clarifies the flood insurance purchase requirement, gives lenders more tools to comply, and applies financial penalties for noncompliance. Another WYO company indicated that it believed that the Program as designed will not be used a lot in view of the high rates it contemplates. It believed, however, that the Program helped convince lenders of the need for compliance, and helped them design a method to review the portfolios and obtain the information needed to issue conventionally underwritten flood policies. One WYO company that does NOT participate in the MPPP stated that the Program apparently is not working as it was intended because not many policies have been issued through the Program; that company also commented that there was some apparent misuse, such as a mortgagee using the Program at loan origination, and commented that the Program has apparently not improved compliance with the mandatory purchase provision. A WYO vendor stated that, when utilized, the MPPP seemed to work well as a compliance tool at the borrower's level and that the problem lies in persuading the lending community to utilize the MPPP, the thought being that the cost and coordination of conducting the portfolio audit and obtaining zone determination services is a deterrent. The respondent from the local government stated that such a program is worthwhile and one which would save much post-purchase agony and confusion resulting from either the lack of investigation or ignorance of the system. That respondent felt that a Program like the MPPP would especially help the first time home buyers who, in all likelihood, would have no concept of flood insurance requirements or even its existence.

The FIA believes that the MPPP is working as it was intended. The MPPP was intended to be a tool to assist lenders who were interested in bringing their portfolios into compliance with flood insurance requirements. It was never the intent to have a large number of policies sold under the MPPP but simply to provide the necessary administrative vehicle for interested lenders to encourage borrowers to purchase flood insurance when required and, when there was no positive response from the borrower, to allow the lender to obtain the required coverage to either bring its mortgage loan portfolio into compliance with Federal requirements or to allow it to remain in compliance.

(2) What Improvements Should be Made to the Program?

Five responses were received on this question. One WYO company suggested that the stated intended use of the MPPP be clarified to state that it is intended to be used when the lender has reviewed one or more loans in its portfolio and determined such loan or loans to be on a building(s) located in a special flood hazard area (SFHA). That company commented that the existing language appears to state that the MPPP may only be used in conjunction with a mortgage portfolio review. The company believes that such a clarification would make the entire Program much more accessible to the lender. The FIA agrees and such a change is included in this Notice. Although the existing language was intended to limit the use of the MPPP to correcting flood insurance deficiencies of mortgage loan portfolios, it was not intended to limit such use to flood insurance needs derived from portfolio reviews only. This same WYO company also suggested that the requirement that WYO companies using the program maintain copies of the notification letters required to be sent by the lender to the borrower, when the lender, instead of the WYO company, actually assumes the responsibility of notifying the borrower, be changed. It reasoned that such lenders often will not provide copies of such letters to the WYO company. It therefore suggested that, under such circumstances, the WYO company, instead, be required to obtain a letter from an officer of the lending institution using the MPPP stating that it is complying with the mandatory letter notification requirements of the MPPP, and also to obtain samples of the letter notifications such a lender uses in this regard. The FIA believes that there is sufficient flexibility in the language contained in the answer to Question #21 of Addendum #4, National Flood Insurance Program Mortgage Portfolio Protection Program (MPPP) Questions and Answers, to allow WYO companies to address such circumstances, particularly because such circumstances were contemplated and addressed in the answer that appears in the 1991 Notice to Question #20 of Addendum #4. This same WYO company also suggested that coverage be provided against losses that might occur on loans during the 45 day letter cycle and to deduct the premium from the loss payment. Similarly, a WYO vendor suggested that the time frame of the letter notification cycle correspond to the 30 day protection period for the mortgagee in the mortgage clause to prevent any lapse of coverage. This vendor also suggested that the program allow for the acceleration of the issuance of the MPPP application prior to the end of the notification cycle so as to avoid any lapse of coverage for the lender. The FIA does not agree with the first three of these four suggestions. The FIA believes that the borrower must be given sufficient time to respond to the lender's notice. Coverage can then only begin following receipt of premium and after the appropriate waiting period. The MPPP was designed to be used by a lender when it discovers that flood insurance is missing from a loan on which it is required. It was not designed to be used to bring about flood coverage on a loan which currently has coverage but the lender believes the borrower may not renew. The existing mortgage clause and renewal provisions of the NFIP are sufficient to allow a lender that monitors the renewal of existing policies on loans in its portfolio to renew that policy on behalf of the mortgagor within a limited period of time after the policy expires to avoid any lapse of coverage to protect the interests of the lender. Also, there is no need for an MPPP, nor can it be used when there is an existing policy and the underwriting information is therefore available to write (or renew) that policy. Regarding the last of these suggestions, a WYO company may prepare an MPPP application in advance of the completion of the notification cycle so that the coverage is effective upon the completion of the cycle. Of course the WYO company must receive payment for that coverage far enough in advance of that date to comply with the waiting period requirement. Under the NFIP's waiting period rules, the payment must be received at least 30 days in advance of the completion of the notification cycle to comply with the new waiting period requirement established by the Reform Act. However, under the provisions of paragraph (e)(2) in section 524 of the Reform Act, the borrower should not be billed in his escrow account or otherwise for the premium until 45 days after receiving notification that flood insurance is required. This means that, initially, the premium must come from a source other than the borrower. Another WYO company suggested that FIA obtain the assistance of the different Federal entities who require this insurance in performing regular audits on compliance and notifying lenders who fail to comply of their failure to comply and the requirement of flood insurance on these properties. A second WYO vendor suggested that strict enforcement measures should be incorporated into regulations and a way be provided of verifying that insurance has been placed and provide stiff penalties if it has not. The FIA works directly with both the Federal financial institution regulatory and non-regulatory agencies on an ongoing basis to bring about the compliance intended by the Flood Disaster Protection Act of 1973. Great progress has been made in the past several years regarding the increased focus on flood insurance compliance in compliance reviews by these agencies. The Reform Act contains provisions to strengthen the mandatory flood insurance purchase requirements and FIA is now working with the federal entities for lending regulation in implementing the various mandatory provisions of the Reform Act. A WYO vendor suggested that if the goal (of the MPPP) is to sell policies as opposed to forcing the purchase of Standard Flood Insurance Policies, the MPPP rates are prohibitive, and should be reduced. As previously stated, the principal goal of the MPPP is to provide a voluntary, administrative tool to the mortgage lending and servicing industries that will assist them with their efforts to comply with mandatory flood insurance requirements. Its use is intended to allow flood insurance coverage to be obtained on any loan discovered, following loan origination, to be in need of such coverage when the borrower, having been notified of the need of and requirement for such coverage, refuses to obtain the coverage. The sale of additional policies, either conventionally underwritten or MPPP rated, although not the primary goal of the MPPP, is a logical secondary goal that will result from the use of the MPPP by the lending and servicing industries. The reason the rates are high is the lack of underwriting information available on that property due to the non-responsiveness of the borrower. Without such data the FIA must assume that the flood risk to which that property is exposed is high and charge rates that reflect such high risk. A WYO vendor suggested that WYO companies be given more leeway in customizing the letter verbiage. The FIA believes that such leeway already exists. The beginning of the Initial Portfolio Review Letter Notification Process portion of Addendum #1 of the MPPP Guidelines and Requirements states that ‘‘The lender/servicer [or their authorized representative] may add their own messages, make minor editorial modifications to the messages to conform to the style and practice of the WYO company or lender and structure the letter to their liking, but they may not alter the meaning or intent of the messages listed here for any of the letters.’’ A WYO vendor suggested that the MPPP policy renewal process be simplified. It was suggested that the three letter renewal cycle be replaced with a single letter indicating that coverage can be obtained at standard rates. The issue of modifying the MPPP renewal process has also been raised by others outside of this process. The FIA agrees that some simplification to this process would be in the best interest of the MPPP without compromising the safeguards designed to protect the borrower. The FIA believes, however, that such simplification should be limited to reducing the number of renewal letters required to two instead of the currently required three or suggested one. This change is reflected in this Notice. A WYO vendor suggested that lenders be allowed to sign a generic vendor MPPP cancellation request form instead of the borrower (insured), since they must sign the application for the issuance of an MPPP policy. FIA agrees that a change in this requirement is needed, since it is reasonable to assume that the borrower will be as unlikely to respond to the lender's request for the borrower's signature on a cancellation request as the borrower was on the request to purchase the conventionally underwritten policy. This change is reflected in this Notice.

(3) Should the MPPP Become a Permanent Part of the National Flood Insurance Program?

Five comments were received on this question. Two WYO companies, one WYO vendor, and a local government believed that the MPPP should be made a permanent part of the NFIP. One WYO company that does not participate in the MPPP believes that the MPPP should be discontinued until there is more stringent enforcement of the mandatory purchase provisions of the NFIP, due to the lack of apparent use of the MPPP. The FIA believes that there is a continuing need for the MPPP capability to be available to the mortgage lending and servicing industries and will therefore make the MPPP available on a permanent basis as part of the NFIP. There is also little additional cost incurred in continuing the MPPP since it is already developed.

(4) What Data and Indicators are Available for Determining How Many Conventionally Underwritten Flood Insurance Policies Have Been Written as a Result of the MPPP Pilot?

Three comments were received on this question. These comments indicated that most of the policies written as a result of the use of the MPPP have been written initially either as a conventionally underwritten policy or were cancelled and converted to a conventionally underwritten policy shortly after being written as an MPPP policy. Most felt that there was no way to measure this, however. One WYO company vendor indicated that, utilizing property address tracking mechanisms, a system could be developed to provide such data. The FIA believes that any benefits that might be realized from undertaking the effort to explore the feasibility of developing such a capability would not be worth the time and expense to the NFIP, in light of its limited resources, and higher priorities for those resources.

WYO companies wishing to participate in the MPPP must sign an agreement to adhere to the MPPP Guidelines and Requirements for each new Arrangement year. After we have processed all Arrangements for each year, we will publish after each October 1, in the **Federal Register**, an updated list with the address and name of the contact person for each WYO company that has signed up for that Arrangement year.

The revised Mortgage Portfolio Protection Program Write Your Own Company Guidelines and Requirements, as referenced in this document, is reproduced in its entirety as Appendix A to this notice.

Dated: August 17, 1995.

Elaine A. McReynolds,

Administrator, Federal Insurance Administration.

Appendix A—Federal Emergency Management Agency, Federal Insurance Administration, National Flood Insurance Program; Mortgage Portfolio Protection Program, Write Your Own Company Guidelines and Requirements

Background

The Mortgage Portfolio Protection Program (MPPP) was introduced on January 1, 1991, as an additional tool, provided by the Federal Insurance Administration (FIA), to assist the mortgage lending and servicing industries, in response to their requests of the past few years, in bringing their mortgage portfolios into compliance with the flood insurance requirements of the Flood Disaster Protection Act of 1973.

The MPPP is not intended to act as a substitute for the need for mortgagees to review all mortgage loan applications at the time of loan origination and comply with flood insurance requirements as appropriate.

It is expected that the proper implementation of the various requirements of this MPPP will result in mortgagors, following their notification of the need for flood insurance, to either show evidence of such a policy, or to contact their local insurance agent or appropriate Write Your Own (WYO) company to purchase the necessary coverage. It is also intended that flood insurance policies be written under the MPPP only as a last resort, and only on mortgages whose mortgagors have failed to respond to the various notifications required by this MPPP.

The following represents the criteria and requirements that must be followed by all parties engaged in the sale of flood insurance under the National Flood Insurance Program's Mortgage Portfolio Protection Program:

Requirements for Participating in the MPPP

1. General

a. All mortgagors notified, in conjunction with this Program, of their need to purchase flood insurance must be encouraged to obtain a Standard Flood Insurance Policy (SFIP) from their local agent.

b. When a mortgagee or a mortgage servicing company discovers, at any time following loan origination, that one or more of the loans in its portfolio is determined to be located in a Special Flood Hazard Area (SFHA), and that there is no evidence of flood insurance on such property (ies), then the MPPP may be used by such lender/servicer to obtain (force place) the required flood insurance coverage. The MPPP process can be accomplished with limited underwriting information and with special flat flood insurance rates.

c. In the event of a loss, the policy will have to be reformed if the wrong rate has been applied for the zone in which the property is located. Also, the amount of coverage may have to be changed if the building occupancy does not support that amount.

d. It will be the WYO company's responsibility to notify the mortgagor of all coverage limitations at the inception of coverage and to impose those limitations that are applicable at the time of loss adjustment.

2. WYO Arrangement Article III—Fees

With the implementation of the MPPP, there is no change in the method of WYO company allowance from that which is provided in the Financial Assistance/Subsidy Arrangement for all flood insurance written.

3. Use of WYO Company Fees for Lenders/Servicers or Others

a. No portion of the allowance that a WYO company retains under the WYO Financial Assistance/Subsidy Arrangement for the MPPP may be used to pay, reimburse or otherwise remunerate a lending institution, mortgage servicing company, or other similar type of company that the WYO company may work with to assist in its flood insurance compliance efforts.

b. The only exception to this is a situation where the lender/servicer may be actually due a commission on any flood insurance policies written on any portion of the institution's portfolio because it was written through a licensed property insurance agent on their staff or through a licensed insurance agency owned by the institution or servicing company.

4. Notification

a. WYO Company/Mortgagee—Any WYO company participating in the MPPP must notify the lender or servicer, for which it is providing the MPPP capability, of the requirements of the MPPP. The WYO company must obtain signed evidence from each such lender or servicer indicating their receipt of this information, and keep a copy in its files. An example of such evidence of receipt follows as Addendum #5.

b. Mortgagee to Mortgagor—In order to participate in the MPPP, the lender (or its authorized representative, which will typically be the WYO company providing the coverage through the MPPP) must notify the borrower of the following, at a minimum:

(1) The requirements of the Flood Disaster Protection Act of 1973,

(2) The flood zone location of the borrower's property,

(3) The requirement for flood insurance,

(4) The fact that the lender has no evidence of the borrower's having flood insurance,

(5) The amount of coverage being required and its cost under the MPPP, and

(6) The options of the borrower for obtaining conventionally underwritten flood insurance coverage and the potential cost benefits of doing so.

A more detailed discussion of the notification requirements is made a part of this program document in both Section 15 and as Addendums 1 and 2.

5. Eligibility

a. Type of Use—The MPPP will be allowed only in conjunction with mortgage portfolio reviews and the servicing of those portfolios by lenders and mortgage servicing companies. The MPPP is not allowed to be used in conjunction with any form of loan origination.

b. Type of Property—The standard NFIP rules apply, and all types of property eligible for coverage under the NFIP will be eligible for coverage under the MPPP.

6. Source of Offering

The force placement capability will be offered by the WYO companies only and not by the NFIP Servicing Agent (National Con-Serv [NCSI]).

7. Dual Interest

The policy will be written covering the interest of both the mortgagee and the mortgagor. The name of the mortgagor must be included on the Application Form. It is not, however, necessary to include the mortgagee as a named insured because the Mortgage Clause (Article 9.P of the Dwelling Form and Article 8.L of the General Property Form) affords building coverage to any mortgagee named as mortgagee on the Flood Insurance Application. If contents coverage for the mortgagee is desired, the mortgagee should be included as a named insured.

8. Term of Policy

NFIP policies written under the MPPP will be for a term of one year only (subject to the renewal notification process).

9. Coverage Offered

Both building and contents coverage will be available under the MPPP. The coverage limits available under the Regular Program will be $250,000 for building coverage and $100,000 for contents. If the WYO company wishes to provide higher limits that are available to other occupancy types such as other residential or non-residential, it may do so only if it can indicate that occupancy type as appropriate. If the mortgaged property is in an Emergency Program Community, then the coverage limits available will be $35,000 for building coverage and $10,000 for contents. Again, if the higher limits are desired for other types of property, then the building occupancy type must be provided at the inception of the policy or when that information may become available, but it must be prior to any loss.

10. Policy Form

The current SFIP Dwelling Form and General Property Form will be used, depending upon the type of structure insured. In the absence of building occupancy information, the Dwelling Form should be used.

11. Waiting Period

The NFIP rules for the waiting period and effective dates apply to the MPPP.

12. Premium Payment

The current rules applicable to the NFIP will apply. The lender or servicer (or Payor) has the option to follow its usual business practices regarding premium payment, so long as the NFIP rules are followed.

13. Underwriting—Application

a. The MPPP will require less underwriting data than is normally required under the standard NFIP rules and regulations. The MPPP data requirements for rating, processing and reporting are, at a minimum:

(1) Name and mailing address of insured (mortgagor—also see Dual Interest),

(2) Address of insured (mortgaged) property,

(3) Community information (complete NFIP map panel number and date; program type, Emergency or Regular) countywide maps,

(4) Occupancy type (so statutory coverage limits are not exceeded. This data may be difficult to obtain. Also see Coverage Offered.),

(5) NFIP flood zone where property is located (lender must determine, in order to determine if flood insurance requirements are necessary and to use the MPPP),

(6) Amount of coverage,
(7) Name and address of mortgagee,
(8) Mortgage loan number,
(9) Policy number.

b. No elevation certificates will be required as there will be no elevation rating.

c. For more detailed information regarding reporting requirements, see the WYO Transaction Record Reporting and Processing (TRRP) Plan.

14. Rates (per $100 of insurance)

Zone	Building	Contents
A Zone—All building/occupancy types	$1.25	$1.25
V Zone—All building/occupancy types	$3.00	$3.00
A99 Zone—All building/occupancy types	.35	.35

15. Policy Declaration Page Notification Requirements

In addition to the routine information, such as amounts of coverage, deductibles and premiums, that a WYO company may place on the Policy declarations page issued to each insured under the NFIP, the following messages are required:

a. This policy is being provided for you as it is required by Federal law as has been mentioned in the previous notices sent to you on this issue. Since your mortgage company has not received proof of flood insurance coverage on your property in response to those notices, we provide this policy at their request.

b. The rates charged for this policy may be considerably higher than those that may be available to you if you contact your local insurance agent (or the WYO company at ...).

c. The amounts of insurance coverage provided in this policy may not be sufficient to protect your full equity in the property in the event of a loss.

d. You may contact your local insurance agent (or WYO company at ...) to replace this policy with a conventionally underwritten Standard Flood Insurance Policy, at any time, and typically at a significant savings in premium.

The WYO company may add other messages to the declarations page and make minor editorial modifications to the language of these messages if it believes any are necessary to conform to the style or practices of that WYO company, but any such additional messages or modifications may not change the meaning or intent of the above messages.

Since the amount of underwriting data obtained at the time of policy inception will typically be limited, the extent of any coverage limitations (such as, when replacement coverage is not available or coverage is limited because the building has a basement or is considered an elevated building with an enclosure) will be difficult to determine. It is, therefore, the responsibility of the WYO company to notify the mortgagor/insured of all coverage limitations at the inception of coverage and impose any that are applicable at the time of the loss adjustment.

16. Policy Reformation—Policy Correction

Article 9.F.2. of the Dwelling Policy and Article 8.E.2. of the General Property Policy will apply as appropriate.

Examples of circumstances under which reformation or correction might be needed would be:

Policy Reformation—The wrong flat rate was applied for the zone in which the property was actually located.

Policy Correction—The amount of coverage exceeds the amount available under the NFIP for the type of building occupancy that represents the building insured. In such cases, the amount of coverage would have to be adjusted to the amount available and any appropriate premium adjustments made.

17. Coverage Basis—Actual Cash Value or Replacement Cost

There are no changes from the standard practices of the NFIP for these provisions. The coverage basis will depend on the type of occupancy of the building covered and the amount of coverage carried.

18. Deductible

A $500 Deductible is applicable for policies written under the MPPP.

19. Expense Constant and Federal Policy Fee

There is no change from the standard practice. The Expense Constant and Federal Policy Fee in effect at the time the MPPP policy is written must be used.

20. Renewability

The MPPP policy is a one-year policy. Any renewal of that policy can occur only following the full notification process spelled out in addendum #2 that must take place between the lender (or its authorized representative) and the insured/mortgagor, when the insured/mortgagor has failed to provide evidence of obtaining a substitute flood insurance policy.

21. Cancellations

a. Existing Policy—When the mortgagor provides evidence of a flood insurance policy, from any source, that is currently in effect and has been in effect prior to the effective date of the MPPP policy, the MPPP policy may be cancelled flat with a full refund of premium, provided that the policy in effect is acceptable to the mortgagee. If the existing policy is an NFIP policy (WYO or direct business), the NFIP rules require that one of the NFIP policies must be cancelled. The full premium, including the expense constant and Federal policy fee, will be returned to the payor. The WYO servicing allowance is not earned by the WYO company.

b. New Flood Insurance Policy—When the mortgagor/borrower purchases a flood insurance policy, from any source, following notification of the need for the policy, the MPPP policy may be cancelled but on a pro-rata basis. Any premium refund may be calculated with or without the pro rata share of the expense constant and Federal policy fee, depending on the company's normal business practice.

c. Other—The NFIP Insurance Manual rules for Cancellation/Nullification Notices are to be followed, when applicable.

d. Signature Requirement—The signature required on the Cancellation/Nullification Request Form is that of an authorized representative of the mortgage lender whose name appears on the NFIP flood insurance application form that resulted in the MPPP policy being purchased or the signature of an authorized representative of a subsequent owner of that loan.

22. Endorsement

An MPPP policy may not be endorsed to convert it directly to a conventionally underwritten SFIP. Rather, a new policy application, with a new policy number, must be completed according to the underwriting requirements of the SFIP, as contained in the NFIP Insurance Manual. The MPPP policy may be endorsed to assign it under rules of the NFIP. It may also be endorsed for other reasons such as increasing coverage.

23. Assignment to a Third Party

Current NFIP rules remain unchanged; therefore, an MPPP policy may be assigned to another mortgagor or mortgagee. Any such assignment must be through an endorsement, however.

24. Article XIII—Restrictions Other Flood Insurance

ARTICLE XIII of the Arrangement is also applicable to the MPPP and, as such, does not allow a company to sell other flood insurance that may be in competition with NFIP coverage. This restriction, however, applies solely to policies providing flood insurance. It also does not apply to insurance policies provided by a WYO company in which flood is only one of several perils provided, or when the flood insurance coverage amounts are in excess of the statutory limits provided under the NFIP or when the coverage itself is of such a nature that it is unavailable under the NFIP, such as blanket portfolio coverage.

Mortgage Portfolio Protection Program (MPPP) Guidelines and Requirements—Addendum #1

Initial Portfolio Review Letter Notification Process

Once it has been determined by the lender/servicer or its representative that flood insurance is needed on mortgages in the lender's portfolio, and there is no evidence of flood insurance, and it decides to use FIA's MPPP to assist in bringing the lender's portfolio into compliance with flood insurance, then the following notification process must be used.

This process will consist of three initial notification letters. Each letter will contain certain messages, at a minimum, in the body of the letter. The lender/servicer (or their authorized representative) may add their own messages, make minor editorial modifications to the messages to conform to the style and practice of the WYO company or lender and structure the letter to their liking, but they may not alter the meaning or intent of the messages listed here for any of the letters.

Each letter will contain mandatory messages on one or more of the following items: (1) The requirements of the Flood Disaster Protection Act of 1973, (2) reminding the insured of the previous letters sent that resulted in the current flood insurance policy, (3) the high premiums on the current policy, (4) potentially inadequate coverage limits, (5) coverage limitations, and (6) the options available to the insured.

Initial Notification Letter to Mortgagor

The first letter is to be issued after the review of the lender's portfolio reveals the need for the flood insurance coverage and the absence of it. This letter must contain, at a minimum, the following messages:

1. ''The Flood Disaster Protection Act of 1973, a Federal law, requires that flood insurance be purchased and maintained on mortgage loans for buildings (and their contents, if appropriate) for the life of the loan for buildings located in a Special Flood Hazard Area shown on a map published by FEMA. This applies to such loans from lending institutions that are under the jurisdiction of a Federal regulatory agency or instrumentality.''

2. ''We have determined that your property (building), on which we hold the mortgage loan, is located in a SFHA and, therefore, you are required by law to have a policy of flood insurance on that property.''

- This letter must then include language advising the mortgagor that in the event they wish to challenge the zone determination, they should provide written factual evidence supporting their challenge obtained from a community official, registered engineer, architect or surveyor, stating the specifics of the location of the building and the reason for their challenge. The letter must include reference to the appeal process required in Section 524 of the National Flood Insurance Reform Act of 1994, after regulations are promulgated to establish the procedures and process for such review. FEMA expects to issue the regulations by late October 1995.
- The lender/servicer is reminded that since the Act places the responsibility of determining the flood zone location of each mortgaged property on the lender/servicer, he cannot discharge that responsibility by simply obtaining some form of self certification from the mortgagor. If the lender wishes to change its original determination on the location of the mortgagor's property based upon information submitted by the mortgagor, the lender/servicer must convince itself, after reviewing that submission, that its original determination was in error and make any such change based on that review. He should not simply accept unsubstantiated allegations, from whatever source, as to the building's flood zone location. The ultimate responsibility for making such determinations under the statute rests with the mortgagee, not the mortgagor.

3. ''There is no evidence in your mortgage loan file of your having a flood insurance policy on your property. In case this information is in error, please contact us at ____________________.''

4. ''If you do not have a flood insurance policy on this property, you may wish to contact your local insurance agent (or WYO company at ____________________).''

5. ''If you do not respond within 45 days of this letter, either providing evidence of a flood insurance policy in effect on this property, or requesting that we provide you with such coverage, the necessary flood insurance coverage will be provided for you. In that event, since certain insurance underwriting information about your property that is necessary to determine the appropriate flood insurance rate for your policy would not have been obtained, due to your not responding, the Federal government's Mortgage Portfolio Protection Program's flood insurance rates will have to be used. These rates may be considerably higher than those that could be obtained for you if you respond to this notice.''

This letter, or an attachment, must also include such other information as: (1) the name of the lender/servicer, (2) the mortgage loan number, (3) the address of the property in question, (4) the flood zone in which the property has been determined to be located, (5) the amount of flood insurance being required, and (6) coverage limitations.

The Second Initial Notification Letter

This letter will be sent 30 days following the first initial notification letter if no response has been received from the mortgagor. It will contain, at a minimum, the following messages:

1. ''About a month ago you were notified that Federal law requires all mortgages, such as yours, on properties determined to be located in a Special Flood Hazard Area, to be covered by a policy of flood insurance.''

2. ''That letter mentioned that if you did not respond positively within 45 days from that letter, it would be necessary to obtain a policy of flood insurance for you.''

3. ''This is to remind you that since you have not responded to the earlier notice as yet, and if you do not respond within the next fifteen days (or the actual expiration date), flood insurance, as mentioned previously, will be obtained on your property, on your behalf.''

4. ''In the event that you do not respond and the coverage must be obtained as mentioned, the cost of that coverage may be significantly higher than the premium that you could obtain if you were to contact your local insurance agent (or WYO company at ...).''

Third and Final Initial Notification Letter

This letter must be sent to the mortgagor accompanying the flood insurance policy declarations page.

This letter must be sent as soon after the end of the 45 day notification period as possible, if no positive response has been received to the two previous notification letters. It must contain the following messages, at a minimum:

1. ''This letter is to inform you that a policy of flood insurance has been obtained on your behalf, to cover the mortgage on your property, as required by the Flood Disaster Protection Act of 1973.''

2. ''You have been notified on two previous occasions explaining the circumstances surrounding your need to have flood insurance coverage and explaining your options, but to date no response has been received.''

3. ''Attached is the flood insurance policy purchased on your behalf and its accompanying declarations page that explains: the amount of coverage purchased on your behalf, its cost, some limitations to that coverage, and the options you may still wish to exercise to obtain similar coverage, but typically at a significantly lower cost.''

4. ''If you purchase another flood insurance policy and notify us, or contact us to request that we purchase a substitute policy under the NFIP for you, we will cancel this policy and issue you a refund for the unearned portion of the premium, if we deem that the other policy is acceptable to satisfy the requirements.''

Mortgage Portfolio Protection Program (MPPP) Guidelines and Requirements—Addendum #2

MPPP Renewal/Expiration Notification Process

When an MPPP policy has been purchased and the expiration date of that policy is approaching the end of its one year term, and the insured has not requested or produced a substitute policy of flood insurance, the following notification process will be followed.

This process will consist of a total of three (or, at the lender's option, two) renewal MPPP letters. Each letter will contain certain required messages within the body of the letter. The lender/servicer (or their authorized representative) *may* add their own messages, make minor editorial modifications to the messages to conform to the style and practice of the WYO company or lender and structure the letter to their liking, but they *may not* alter the meaning or intent of the messages listed here for any of the letters.

Each letter will contain mandatory messages on one or more of the following items: (1) reminding the insured of the previous letters sent that resulted in the current flood insurance policy that is about to expire; (2) the requirements of the Flood Disaster Protection Act of 1973; (3) the high premiums on the current policy; (4) potentially inadequate coverage limits; (5) coverage limitations, and (6) the options available to the insured.

First MPPP Renewal/Expiration Notice (Letter)

The first MPPP renewal letter will be sent to the insured/mortgagor at least 45 days prior to the renewal/expiration of the MPPP policy. It will, at a minimum, contain the following messages:

1. ''This letter is to notify you that the flood insurance policy that was required to be purchased on your property about a year ago is about to expire.''

2. ''When you were originally notified of the need for this coverage, it was explained that the Flood Disaster Protection Act of 1973, a Federal law, requires that flood insurance be purchased and maintained for the life of the loan, on mortgage loans for buildings (and their contents, if appropriate) located in a Special Flood Hazard Area shown on a map produced by the Federal Emergency Management Agency.''

3. ''The premium on the flood insurance policy currently in effect and written on your behalf, and due to expire, may be considerably higher than would be the case if you had responded to the suggestions contained in the previous notices sent you, recommending that you contact your local insurance agent (or the WYO company) to obtain a conventionally underwritten Standard Flood Insurance Policy.''

4. ''As has been mentioned in previous notices, you may wish to replace this policy with a conventionally underwritten Standard Flood Insurance Policy now, and benefit from rates that potentially are significantly lower than the rates being used with this policy.''

5. ''Failure to respond to this notice within 45 days (or by *[date]*) will result in this policy being renewed, and at rates that are most likely to be much higher than are otherwise available.''

Second MPPP Renewal/Expiration Notice (Letter)

The requirement for the Second MPPP Renewal/Expiration Notice (Letter) is optional on the part of the participating WYO company. If such a company decides not to issue the second of the three notices (letters), then the Third MPPP Renewal/Expiration Notice (Letter) required in the March 1, 1991, **Federal Register** will serve as the second and final notice required. The language of such a letter may be modified, if needed, to reflect the fact that only two such letters were sent.

Third MPPP Renewal/Expiration Notice (Letter)

The third and final notice will be sent out as part of the renewed MPPP policy. The notice containing the following required messages may be sent as a cover letter or an attachment to the Policy declarations page and policy itself, or the required messages may be included on the declarations page that accompanies the renewal policy. It must contain the following messages:

1. ''Since you have not responded to our previous notices that your flood insurance policy, which is required by Federal law, was about to expire, we have renewed that policy for the next year.''

2. ''As has been previously explained, the Flood Disaster Protection Act of 1973, a Federal law, requires that flood insurance be purchased and maintained on mortgage loans for buildings (and their contents, if appropriate) for the life of the loan, for property located in a Special Flood Hazard Area shown on a map produced by the Federal Emergency Management Agency.''

3. ''The premium on this flood insurance policy just renewed may be considerably higher than would be the case if you had contacted your local insurance agent (or WYO company at ...), which you may still do, to obtain a conventionally underwritten Standard Flood Insurance Policy.''

4. ''If you purchase another flood insurance policy and notify us, or contact us to request that we purchase a substitute policy under the NFIP for you, we will cancel this policy and issue you a refund for the unearned portion of the premium, if we deem that the other policy is acceptable to satisfy the requirements.''

National Flood Insurance Program Mortgage Portfolio Protection Program (MPPP)—Addendum #3

Portfolio Review Considerations for Lenders/Servicers Prior to Participating in the MPPP—Questions and Answers

1. Q. What is the MPPP and who is this Q & A aimed at?

A. The MPPP is a tool for providing flood insurance coverage to properties which are part of a lending institution's mortgage portfolio when such properties have been determined to be in a Special Flood Hazard Area and therefore subject to the flood insurance purchase requirement mandated by Federal law. The MPPP is aimed at WYO companies, lenders/servicers participating in the MPPP, Federal regulatory agencies and other interested parties.

2. Q. What is the first step in using the MPPP?

A. The MPPP is only intended to be utilized when the lender (or its representative) has reviewed its portfolio and determined which of the loans are on buildings located in a Special Flood Hazard Area (SFHA), and, therefore, in need of flood insurance.

3. Q. What source of information should the MPPP participant, or their authorized representative, be using in reviewing a loan portfolio, to determine flood zone location of the properties in question?

A. The flood insurance maps published by the Federal Emergency Management Agency (FEMA), augmented by other official documentation available from local officials or other sources, as may be deemed necessary.

The Flood Disaster Protection Act of 1973, which imposes the flood insurance requirement, makes specific reference to ''areas identified by the Secretary (since changed to Director [of FEMA]) as an area having special flood hazards''. The National Flood Insurance Act of 1968, as amended, charged FEMA with the responsibility of identifying areas which have special flood hazards. Therefore, the official source of information that serves as the basis for identifying such areas is the maps published by FEMA.

4. Q. What if a source of information other than the FEMA maps is used as the basis for determining the flood zone location of properties?

A. The lender may be risking erroneous determinations, thereby potentially placing the lender in a position of a liability exposure, bad customer relations and/or problems with its Federal regulatory agency or worse.

5. Q. Does it mean that if the system used to make these flood zone determinations is not based on the FEMA maps that it should not be used?

A. Due to the potential for problems as mentioned above, the lender must be careful as to the basis behind the system it uses to make these flood zone determinations. Also, since the lender must keep evidence of the determination in every mortgage file, if that evidence doesn't reflect the map panel used to make the determination, the lender may have difficulty proving to its Federal regulatory agency, or in court if the need arose, that the lender is complying with the law.

6. Q. What flood zone determination information should the lenders keep in each mortgagor's file to indicate evidence of compliance?

A. Pursuant to Section 528 of the National Flood Insurance Reform Act of 1994, FEMA is developing a Standard Flood Hazard Determination Form (SFHDF) for use by lenders when determining, in the case of a loan secured by improved real estate or a mobile home, whether the building or mobile home is located in a special flood hazard area. The SFHDF contains a section for recording flood zone determination information. FEMA expects to issue the regulation establishing the SFHDF by late June 1995. All lenders subject to the Reform Act will have to place a copy of the SFHDF in each mortgagor's file to indicate evidence of compliance.

7. Q. What version of the flood map should be used in conjunction with the MPPP portfolio review?

A. The FEMA map in effect at the time of the portfolio review is the map that must be used. The provisions of the Flood Disaster Protection Act of 1973 as amended by the Reform Act (1) require the lender to notify the borrower that the borrower should obtain flood insurance, at the borrower's expense, if, at any time during the term of the loan, the lender determines the improved real estate or mobile home securing the loan is located in an area identified by FEMA as an area having special flood hazards and in which flood insurance is available but the property is not covered by flood insurance; and (2) require the lender to purchase coverage on behalf of the borrower if the borrower fails to purchase such flood insurance within 45 days after notification by the lender.

8. Q. Doesn't the fact that the MPPP was designed to assist lenders/servicers in bringing their portfolios into compliance with flood insurance requirements mean that they will be dealing with loans that can range from being very new to being many years old, and that the maps that may have been in effect at the time of the loan origination might not be readily available now?

A. Yes. This does not present a problem since, as mentioned in no. 7 above, compliance with the requirements of the Reform Act requires use of the map in effect at the time of the review rather than the map in effect at the time of the loan origination.

9. Q. Once the lender/servicer's portfolio has been reviewed and determinations have been made as to which properties need flood insurance, is there anything critical that the lender (or its representative) should consider before beginning the process of mailing the initial notices to their mortgagors?

A. Yes, how the mailing will be handled and the results of that mailing. There is a strong likelihood that, once the mailings begin, a certain percentage of the mortgagor recipients of those notices will challenge the notices. Some of those challenges will be directed, in one way or another, to the lender/servicer, regardless of any instructions in the notices. The lender should therefore determine at the outset whether it wants the notices to be sent all at once, or metered out so many at a time. The larger the volume, the more consideration to the metering approach that should be given.

Also, the lender needs to consider how it wants the review of its portfolio carried out. If the results of the review are provided to the lender all at the same time and the lender decides to send the notices to the mortgagors so many at a time, it may be exposing itself to additional liability. This could occur since the lender was aware of all the mortgages in its portfolio that needed flood insurance, but acted on only a certain number at a time. The lender, therefore, needs to consider having the portfolio review carried out in such a fashion that the results of each portion of that review are made available to the lender as soon as they are available from the party conducting the review, and are acted upon as soon as possible thereafter.

National Flood Insurance Program Mortgage Portfolio Protection Program (MPPP) Questions and Answers—Addendum #4

1. Q. What is the MPPP and what is it designed to do?

A. The MPPP is a tool made available to the lending and mortgage servicing industries that provides them with the capability to write flood insurance policies quicker and easier that will assist them with their efforts to bring their portfolios into compliance with flood insurance requirements.

2. Q. Is this available to lenders for all their loans?

A. No! It may only be used in conjunction with loan portfolios. It may not be used as a compliance vehicle for loan originations.

3. Q. Is the MPPP mandatory for lenders/servicers?

A. No! It is voluntary, but lenders/servicers that believe their loan portfolios may not be in compliance with flood insurance requirements are strongly encouraged to use it if they believe it could be helpful.

4. Q. What are the benefits of the MPPP?

A. The specific benefits will vary with the category of participant as follows:

○ For lenders/servicers.

• Portfolios can be brought into compliance satisfying the law and regulators.

- Reduce, limit or eliminate certain potential liability.
- Protect equity (lender/servicer, borrower).
  - For WYO companies.
- Increased policy sales/fees.
- Increased lender/servicer client base.
  - For insurance agents.
- Increased policy sales.

5. Q. Is it possible for WYO companies and insurance agents to benefit from the MPPP even if they don't directly participate in it?

A. Yes! Property insurance (fire and auto) is already being sold by insurance agents to many of these same borrowers because lenders require it in conjunction with home mortgages and auto loans. As a result, many agents already have established business relationships with their local lenders. These agents could alert these lenders to the availability of the MPPP and advise them as to how to proceed even if the agent was not going to directly participate.

At the same time the agent could offer to assist the lender with determining the flood zone location of the addresses of all new mortgage loan applications for that lender and ask, in return, for the opportunity to write all the flood insurance policies on those properties that are determined to need it. The notices that will be sent to the borrowers will generate inquiries and sales.

6. Q. How will flood policies actually be sold under the MPPP?

A. Policies will be written through the insurance companies participating in FIA's Write Your Own (WYO) Program.

7. Q. Will all the insurance companies participating in the WYO Program be writing policies under the MPPP?

A. Any WYO company may write policies under the MPPP, but only those that traditionally have dealt with the lending industry are expected to participate in this Program. Any such company that does wish to participate must agree in writing to comply with the requirements of the MPPP.

8. Q. Will FIA maintain and publish a list of the WYO companies that participate in the MPPP?

A. Yes! Such a list will be developed and both modified and republished as needed.

9. Q. What is the first thing a lender/servicer should do if it wishes to utilize the MPPP?

A. The lender must review its loan portfolio and determine which of the properties are located in Special Flood Hazard Areas (SFHA).

10. Q. When a lender/servicer decides to utilize the MPPP, must they use the MPPP to service their portfolio all at the same time?

A. No! Lenders/servicers should carefully analyze the pros and cons of phasing in their portfolio compliance effort. (See the Q & A that FIA has developed on ''Portfolio Review Considerations'').

11. Q. Is use of the MPPP limited to only those properties located in SFHAs?

A. Yes!

12. Q. What will happen if a policy is written through the MPPP, but the property is *not* located in an SFHA?

A. If no loss has occurred at the time the situation is discovered but the mortgagee wants the borrower to have flood insurance even though the property is not in an SFHA, the situation can be corrected by cancelling the MPPP policy and rewriting the coverage under a conventional Standard Flood Insurance Policy (SFIP) with a refund of any premium overpayment. If such a situation is discovered after a flood loss has occurred, the claim will be honored. However, the MPPP policy would have to be cancelled and the coverage rewritten under a conventional SFIP with a refund of any premium overpayment. The loss should then be reported under the new policy number. Under both scenarios, the effective date of the conventional SFIP would be the same as that of the cancelled MPPP policy.

13. Q. What differences are there between a flood policy sold under the traditional flood insurance program and one under the MPPP?

A. The actual policy and coverage are the same, but there are differences primarily in the areas of:
- Rates,
- A letter notification process to the borrowers,
- The underwriting information necessary.

14. Q. What are the rate differences?

A. The rates under the MPPP are, on the average, several times those used under the traditional flood insurance program.

15. Q. Why are the MPPP rates so high?

A. Due to the fact that the borrower did not respond to the notices sent, key information necessary to underwrite the risk is not available. Therefore, it is necessary to assume that those properties have a very high risk and the rates charged reflect that risk.

16. Q. Does the borrower have any option in avoiding the MPPP policy with its higher cost?

A. Yes! They can simply contact their local insurance agent, obtain a conventionally underwritten flood insurance policy and present it to their lender/servicer.

17. Q. If a borrower pays off the mortgage loan, can the MPPP then be cancelled?

A. Yes, but any refund due the borrower will be paid on a pro-rata basis.

18. Q. If the borrower or lender/servicer sells or assigns the mortgage to another borrower or lender/servicer, can the MPPP policy be assigned?

A. Yes! The Standard Flood Insurance Policy language allows for the assignment of all NFIP policies. Any such assignment of an NFIP policy must be done by way of an endorsement.

19. Q. Must a WYO company participating in the MPPP maintain copies of all its MPPP documents?

A. The companies are responsible for the data on each Application Form, in keeping with its normal practices. Although some of the data beyond that required does not have to be reported, the companies are still responsible for it. The WYO companies may use their normal business practices in determining which form they will use to retain data, forms or other required information.

20. Q. Who initiates the letter notification process required by the MPPP?

A. The letter notification process is one of the requirements of the MPPP. The FIA requires any WYO company that wishes to participate in the MPPP to agree to comply with all those requirements. However, lenders/servicers differ on how their force placed hazard insurance notices are sent to their borrowers. Some lenders insist on sending such notices directly. Others let the insurance company, with whom the force placed policies are written, send out the notices. Since the MPPP is a part of the NFIP, then any policies written through the MPPP must have been written in compliance with all of its requirements, regardless of the entity that actually sends the notices.

21. Q. Must the lender or WYO company maintain copies of the notification letters?

A. The WYO company is responsible for assuring that the letters are sent regardless of whether they or the lender actually sends them. The WYO company must maintain some form of evidence that the letters are being sent. It will be the WYO company's decision as to the form the evidence takes, such as paper copies, micro fiche, computer images or a record of the mortgagor addresses to whom the letters were sent with an indication as to the date when those mortgagors were notified.

22. Q. What does a WYO company do if all of the information FIA requires on

the declarations (DEC) page won't fit on that page?

A. The company may wish to include some of that information on the DEC page and some on an ''endorsement.'' In such a case, it should indicate an endorsement number on the DEC page.

23. Q. Does a policy DEC page have to be issued each time an MPPP policy is renewed?

A. Yes, and it must accompany the final renewal notification letter.

24. Q. When an MPPP is renewed, can the same policy number that was assigned to the original MPPP policy be used?

A. Yes!

25. Q. Will the rating credits that will be available in a community participating in the Community Rating System (CRS) apply to a policy written under the MPPP?

A. No!

26. Q. The MPPP requirements call for the full map panel number and date to be obtained. What does the WYO company do with that information since the NFIP Application Form in use today doesn't contain enough space to even capture all this information?

A. The WYO companies have never been required to use NFIP forms in the WYO program, but have been free to develop their own forms. They are, however, responsible for all required data, some of which must be reported and some of which isn't, but must be kept in the company files. The data requirements for the MPPP follow the same conditions. The full map panel number for that panel used to determine flood zone location and rate the policy is the one that must be captured and maintained. The majority of the maps FIA has published for many years have the ten digit number, suffix and date for each panel. Some of the maps still in use have only the six digit community number and date. The six digit community number cannot be used when the ten digit number exists.

27. Q. Is contents coverage under the MPPP optional?

A. Yes! The lender must decide whether or not it will require it as part of the MPPP policy.

28. Q. What is meant by the term ''coverage limitations'' that is mentioned in the MPPP materials?

A. Primarily Actual Cash Value coverage instead of Replacement Cost coverage, when appropriate. It could also apply, however, to the situation where only an amount to cover the loan balance is purchased which may be insufficient to cover the full insurable value of the property. The WYO company will have to determine what limitations may apply depending on the decisions of the lender/servicer as to how it wants to use the MPPP and the amount of underwriting information obtained.

29. Q. The notification process contains standards for the letters being mailed and the MPPP policy being written such as 45, 30, and 15 days. Must these standards be strictly adhered to?

A. There are a number of standards similar to this in the NFIP and some limited flexibility has been built into the actual implementation process through the underwriting review process that FIA uses with the companies. FIA is preparing modifications of that review process to incorporate the MPPP criteria and will attempt to incorporate such flexibility into these changes.

30. Q. May WYO companies, under the requirements of the MPPP, use any portion of the MPPP fee they retain, for any purpose other than as a commission to an insurance agent or agency for their writing the policy, such as for flood zone determinations or the tracking of loans?

A. No!

The National Flood Insurance Program's Mortgage Portfolio Protection Program Implementation Package; Addendum #5

Receipt for Materials and Agreement to Adhere to Criteria and Requirements

The Federal Insurance Administration (FIA) has published a package of materials for implementing their Mortgage Portfolio Protection Program (MPPP). This package contains the Criteria and Requirements that the insurance companies participating in FIA's MPPP through FIA's Write Your Own (WYO) program and any lending institutions and/or mortgage servicing or similar companies must adhere to when participating in the MPPP.

The Implementation Package contains the following:

- A cover letter from the FIA Administrator to the WYO companies and other users of the MPPP.
- A Guide for WYO Companies, Lending Institutions, Mortgage Servicers and Other Potential Users
- Addendum #1—Initial Portfolio Review Letter Notification Process
- Addendum #2—Portfolio Review Renewal Letter Notification Process
- Addendum #3—Portfolio Considerations Q & A
- Addendum #4—MPPP Q & A
- Addendum #5—Receipt for Materials and Agreement to Adhere to Criteria and Requirements (this document)

This ''Receipt and Agreement,'' together with the Package referenced above, must be presented by any WYO company that offers the MPPP to a lender/servicer; and the lender/servicer that agrees to participate in the MPPP to assist in bringing its portfolio into compliance with flood insurance requirements must sign this ''Receipt and Agreement'' as evidence of having actually received the Package and agreeing to comply with the criteria and requirements contained therein.

This acknowledges that the package of implementation materials for the Federal Insurance Administration's (FIA) Mortgage Portfolio Protection Program (MPPP) has been received.

____
(Name of WYO company representative providing the Package)

____
(Name of the WYO company being represented)

____
(Date of receipt)

____
(Name of lender/mortgage representative receiving the Package)

____
(Name of lender/mortgage servicer being represented)

____
(Date of receipt)

Note: WYO companies are required to keep a copy of this Receipt in their files for each lender/mortgage servicer to which they provide services under the MPPP. Lenders/mortgage servicers may wish to do the same.

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FEDERAL RESERVE SYSTEM

Walter W. Luehrman, et al.; Change in Bank Control Notices; Acquisitions of Shares of Banks or Bank Holding Companies

The notificants listed below have applied under the Change in Bank Control Act (12 U.S.C. 1817(j)) and § 225.41 of the Board's Regulation Y (12 CFR 225.41) to acquire a bank or bank holding company. The factors that are considered in acting on the notices are set forth in paragraph 7 of the Act (12 U.S.C. 1817(j)(7)).

The notices are available for immediate inspection at the Federal Reserve Bank indicated. Once the notices have been accepted for processing, they will also be available for inspection at the offices of the Board of Governors. Interested persons may express their views in writing to the Reserve Bank indicated for that notice or to the offices of the Board of Governors. Comments must be received not later than September 12, 1995.