

Federal Deposit Insurance Corporation

§ 391.37

satisfactory to the Director of FEMA, who publishes and periodically revises the list of States falling within this exemption; or

(b) Property securing any loan with an original principal balance of \$5,000 or less and a repayment term of one year or less.

§ 391.34 Escrow requirement.

If a State savings association requires the escrow of taxes, insurance premiums, fees, or any other charges for a loan secured by *residential* improved real estate or a mobile home that is made, increased, extended, or renewed on or after October 1, 1996, the State savings association shall also require the escrow of all premiums and fees for any flood insurance required under § 391.32. The State savings association, or a servicer acting on behalf of the State savings association, shall deposit the flood insurance premiums on behalf of the borrower in an escrow account. This escrow account will be subject to escrow requirements adopted pursuant to section 10 of the Real Estate Settlement Procedures Act of 1974 (12 U.S.C. 2609) (RESPA), which generally limits the amount that may be maintained in escrow accounts for certain types of loans and requires escrow account statements for those accounts, only if the loan is otherwise subject to RESPA. Following receipt of a notice from the Director of FEMA or other provider of flood insurance that premiums are due, the State savings association, or a servicer acting on behalf of the State savings association, shall pay the amount owed to the insurance provider from the escrow account by the date when such premiums are due.

§ 391.35 Required use of standard flood hazard determination form.

(a) *Use of form.* A State savings association shall use the standard flood hazard determination form developed by the Director of FEMA when determining whether the building or mobile home offered as collateral security for a loan is or will be located in a special flood hazard area in which flood insurance is available under the Act. The standard flood hazard determination form may be used in a printed, computerized, or electronic manner. A State

savings association may obtain the standard flood hazard determination form from FEMA, P.O. Box 2012, Jessup, MD 20794-2012.

(b) *Retention of form.* A State savings association shall retain a copy of the completed standard flood hazard determination form, in either hard copy or electronic form, for the period of time the State savings association owns the loan.

§ 391.36 Forced placement of flood insurance.

If a State savings association, or a servicer acting on behalf of the State savings association, 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 § 391.32, then the State savings association 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 § 391.32, for the remaining term of the loan. If the borrower fails to obtain flood insurance within 45 days after notification, then the State savings association or its servicer shall purchase insurance on the borrower's behalf. The State savings association or its servicer may charge the borrower for the cost of premiums and fees incurred in purchasing the insurance.

§ 391.37 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 State savings association, or a servicer acting on behalf of the State savings association, 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: