



## **2014 NFDA ANNUAL CONFERENCE**

**SCOTTSDALE PLAZA RESORT, SCOTTSDALE, AZ**



### **BIGGERT-WATERS 2012: REGULATORY OUTLOOK – Panel Discussion**

#### ***Panelists:***

- Dave Franske, Wells Fargo
- Larry Chattoo, Bank of America
- Jordan Gray, WNC First Insurance Services
- John Snook, Mortgage Bankers Association

# BW-12 & HFIAA IMPACTS ON LENDERS

## BW-12

### Key Provisions Impacting Lenders:

1. Mandated numerous rate increases for subsidized flood insurance policies
2. Increased pattern/practice lender penalties from \$350 to \$2,000 per violation; removed penalty cap
3. Required lenders to amend the RESPA Notice of Special Flood Hazards to explain that private flood insurance may be available
4. Clarified that any premium charge for force-placed insurance may begin on the date when a borrower's voluntary coverage lapses or expires.
  - Requires cancellation of force-placed insurance and refund of unearned premium within 30 days of receipt of evidence of acceptable voluntary insurance coverage.
5. Instituted a mandatory escrow requirement for flood insurance on properties that are collateral for a mortgage loan beginning on July 6, 2014.
6. Required lenders to accept private flood insurance policies that meet "FEMA-6" guidelines by incorporating the guidelines into the statutory definition of "Private Flood Insurance".

## HFIAA

### Key Provisions Impacting Lenders:

1. Rolls back rate increases for subsidized flood insurance policies; provides for refunds
2. Optional high-deductible policies (\$10,000) for residential properties
3. Exclusion of detached structures from mandatory purchase requirement
4. **On/after January 1, 2016**, escrow for flood insurance required **after M.I.R.E. event\***, with the following exceptions:
  - a) Junior/subordinate loans (seconds)\*
  - b) Loans on units in a condo association, HOA, or cooperative that have a lending institution-approved master policy
  - c) Commercial loans secured by residence
  - d) HELOCs
  - e) Non-performing loans
  - f) Loans with terms less than 12 months

Existing Loans as of January 1, 2016 must be offered a voluntary escrow for flood insurance