

RD AN No. 4002(426.2)
August 4, 2004

TO: Rural Development State Directors,
Rural Development Managers, and
Community Development Managers

ATTN: Program Directors and State Environmental Coordinators

FROM: Russell T. Davis *(Signed by Russell T. Davis)*
Administrator
Rural Housing Service

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Rural Utilities Service

SUBJECT: Use of FEMA Form 81-93, "Standard Flood Hazard Determination"

PURPOSE/INTENDED OUTCOME:

The purpose of this Administrative Notice (AN) is to provide guidance on use of Federal Emergency Management Agency (FEMA) Form 81-93, "Standard Flood Hazard Determination." Use of this form is required by the National Flood Insurance Reform Act (NFIRA) of 1994.

COMPARISON WITH PREVIOUS AN:

This replaces RD AN No. 3745 (426.2) that expired April 30, 2003.

EXPIRATION DATE: August 31, 2005

FILING INSTRUCTIONS:
Preceding RD Instruction 426.2

IMPLEMENTATION RESPONSIBILITIES:

The National Flood Insurance Reform Act (NFIRA) required FEMA to develop a Standard Flood Hazard Determination Form (SFHDF). NFIRA also required Federal entities for lending regulation and Federal agency lenders to develop regulations requiring the use of the form.

The Federal entities for lending regulation (Office of the Comptroller of Currency, Federal Reserve System, Federal Deposit Insurance Corporation, Office of Thrift Supervision, Farm Credit Administration, and National Credit Union Administration) published regulations making the use of the form mandatory, effective January 2, 1996. The Rural Housing Service (RHS), the Rural Business-Cooperative service (RBS), and the Rural Utilities Service (RUS) are Federal agency lenders as defined in NFIRA. RD Instruction 426.2, "National Flood Insurance," is currently being revised to reflect the new requirements of NFIRA, including a provision to require the use of the SFHDF. Until the revised agency regulations are published, the following guidelines are issued:

- **Direct loans and grants:** The SFHDF will be used when direct loans or grants will be used to acquire, construct, or rehabilitate a building, including a manufactured home.

"Building" means a walled and roofed structure, other than a gas or liquid storage tank, that is principally above ground and affixed to a permanent site, and a walled and roofed structure while in the course of construction, alteration, or repair. Underground utility lines and underground pumping stations are not "buildings" and flood insurance is not needed if no building is involved.

- The SFHDF is to be completed and signed by the loan official responsible for preparing the environmental review for the proposal if not provided by contract (such as "Leretant" for single family direct loans). An intermediary will also complete and sign an SFHDF when that intermediary makes a loan or grant to a third party using Agency funds. Signatures are to be provided in Section F of the form. For environmental documents prepared under 1794, the applicant's consultant is responsible for completing the form.
- **Guaranteed loans:** Since use of the form was mandated by the Federal entities for lending regulation effective January 2, 1996, guaranteed lenders must submit a completed SFHDF as a part of all requests for guaranteed financial assistance, if the financial assistance involves a mortgage on a "building" as described above.
- **Exception to flood insurance and use of the form:** Flood insurance is not required for loans with an original principal balance of \$5,000 or less and a repayment term of less than one year, and for grants of less than \$5,000.

- Printed copies of the form may be ordered from the Finance Office or downloaded from the FEMA website at <http://www.fema.gov/nfip/sfhdfform.shtm>

The information on the SFHDF is important in two ways. First, the SFHDF provides specific information with regard to the proposal's location, its proximity to floodplains, and the availability of flood insurance for that area. Floodplain sites are not eligible for Federal financial assistance unless flood insurance is available through the National Flood Insurance Program (NFIP). Second, the SFHDF provides specific information on floodplain identification that is necessary to complete the Agency's environmental review.

For all programs subject to RD Instruction 1940-G or any successor to this instruction, the completed SFHDF should be attached to Form RD 1940-22, "Environmental Checklist for Categorical Exclusions," or included as an exhibit to the "Class I or Class II Environmental Assessment." For the Rural Utilities Service's programs subject to 7 CFR 1794, the completed SFHDF should be attached as an exhibit to the "Environmental Checklist for Categorical Exclusions" or the environmental assessment.

You are encouraged to work closely with your State Environmental Coordinator and with your guaranteed lenders to ensure flood insurance policies and procedures are effectively integrated with loan processing and servicing activities. Should you have questions on this AN or on other flood insurance issues please call Linda Rodgers at (202) 720-9647 or Baxter Hill at (202) 720-1499, Rural Housing Service, or Mark Plank, Rural Utilities Service, (202) 720-1649.