

## **HUD INCREASES FLOOD INSURANCE OPTIONS FOR HOMEOWNERS WITH FHA MORTGAGES LIVING IN SPECIAL FLOOD AREAS**

*Federal Housing Administration to allow private flood insurance policies on insured single-family mortgages in special flood hazard areas*

WASHINGTON - The U.S. Department of Housing and Urban Development (HUD), through the Federal Housing Administration (FHA), is [announcing today](#) that effective December 21, 2022, it will allow homeowners with FHA-insured mortgage financing to obtain flood insurance policies that conform to FHA requirements from private insurance providers. The change was announced through a final rule published in the Federal Register today and in a companion [Mortgagee Letter](#), also published today, that provides implementation guidance for FHA-approved lenders.

FHA requires that insured mortgages for properties in Federal Emergency Management Agency (FEMA)-designated Special Flood Hazard Areas (SFHAs) have flood insurance. Previously, only flood insurance obtained through the National Flood Insurance Program (NFIP) was permissible for FHA-insured mortgages, which limited choices for consumers.

“Today, HUD is increasing the flood insurance choices available to individuals and families with FHA-insured loans in areas that FEMA has designated to be at special risk for flooding,” **said HUD Secretary Marcia L. Fudge**. “Flood insurance is required to ensure families and individuals are prepared if disaster strikes. Increasing consumer options for this important protection is one way we are building more resilient communities in the face of climate change.”

“We know borrowers face affordability challenges right now, yet a flood can be devastating to a family who is not properly insured,” **said Federal Housing Commissioner Julia Gordon**. “The choice to select a private flood insurance option may enable some borrowers to obtain policies that are less expensive or provide enhanced coverage.”

As part of its implementation, as of December 21, 2022, FHA will require lenders to provide detailed flood insurance coverage information when electronically submitting mortgages for FHA insurance on properties in SFHAs. This data collection is an objective included in HUD’s Climate Action Plan and will allow FHA

to capture and analyze flood insurance information on mortgages in its portfolio at a more granular level than has been possible previously.

Ensuring that borrowers are protected against flood risk is a key component of HUD's Climate Action Plan. In 2021, HUD released its [Climate Action Plan](#) in response to President Biden's [Executive Order on Tackling the Climate Crisis at Home and Abroad](#). HUD has been implementing this broad approach to the climate crisis that reduces climate pollution; increases resilience to the impacts of climate change; protects public health; delivers environmental justice; and spurs well-paying union jobs and economic growth. The action today further guides the integration of climate resilience and environmental justice into HUD's core programs and policies. For more information about HUD's work to advance sustainable communities and address climate change, visit [hud.gov/climate](https://hud.gov/climate).