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December 19, 2014

By electronic delivery to:

Robert E. Feldman
Executive Secretary
Federal Deposit Insurance Company
550 17th Street NW.
Washington, DC 20429
Comments@FDIC.gov

Re: Loans in Areas Having Special Flood Hazards

To Whom it May Concern:

Nebraska State Bank appreciates the opportunity to comment on the proposal issued by the Agencies regarding the exclusion from the mandatory flood insurance purchase requirement for certain detached structures.

At present, section 13 of HFIAA, which amends section 102(c) of the FDPA (42 U.S.C. 4012a(c)) provides that flood insurance is not required, in the case of any residential property, for any structure that is a part of such property but is detached from the primary residential structure and does not serve as a residence. While this is a welcome relief, the statute should be broadened to allow the exemption on agricultural and commercial loans, as well.

Nebraska State Bank is an agricultural bank where over 95% of our loans are for agricultural purposes. In many situations, collateral for our loans includes the borrower's agricultural real estate, which is often where the borrower's residence and outbuildings are located. While the residential building is often a well-maintained building and valuable to the borrower, the residence normally makes up a small portion of the overall collateral value. Along with the residence, there is almost always an outbuilding used for equipment storage, protection for livestock, or other purposes that has very little value. It is normal for the owner of this property to not have these outbuildings insured as part of their farmowner's insurance coverage. The bank often gives these buildings very little to no value in the overall collateral value.

Nebraska State Bank has been placed in the difficult position of requiring borrowers to obtain flood insurance on outbuildings with little or no value to the borrower or to the bank as part of the conditions of receiving a loan. This requirement is always met with resistance and increases the borrowing costs for the borrower and adds another step for the lender that does not benefit either party. In fact, we had one borrower tear down a building rather than pay a flood insurance premium for the building. While extreme, this is an example of the negative effects of the current situation. By expanding the detached

structure exemption to agricultural and commercial loans, this would remove an onerous burden for the borrower and the lender.

By removing the requirement for flood insurance on detached structures, this would leave the decision to decide whether or not to require flood insurance with where it should rest: the lender. There are instances where new buildings have been constructed during the recent boom in the agricultural sector that may have a large portion of the collateral value. In this case it may be prudent for the lender to require flood insurance, but only the lender is able to make this call.

Thank you for the opportunity to comment on this proposal and if you have any questions about these comments or would like to discuss anything further, please contact me at 308-772-3234.

Sincerely,

A handwritten signature in black ink that reads "Jim LeVick". The signature is written in a cursive style with a large, stylized initial "J".

Jim LeVick, Vice President
Nebraska State Bank