

ZIONS BANCORPORATION

*Corporate Compliance
1 South Main Street Ste. 1100
Salt Lake City, UT 84111*

May 20, 2008

Filed via email to regs.comments@federalreserve.gov

Jennifer J. Johnson, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue NW
Washington DC 20551

Re: Docket No. OP-1311
Loans in Areas Having Special Flood Hazards; Interagency Questions and Answers
Regarding Flood Insurance

Ladies and Gentlemen:

Zions Bancorporation appreciates this opportunity to provide comments on the proposed revisions to the Interagency Questions and Answers Regarding Flood Insurance that was published in the Federal Register on March 21, 2008.

Our institution is a \$53 billion-dollar financial services company with banking offices located in Arizona, California, Colorado, Idaho, Nevada, New Mexico, Oregon, Texas, Utah and Washington. Our affiliated banks engage in financial activities that are directly affected by the proposed revisions.

We would like to submit comments on specific questions and answers as follows:

#3 and #6 – Discusses Loan Purchases and Portfolio Reviews.

We are concerned that the “new” guidance related to safety and soundness concerns imposes a requirement on lenders to do on-going portfolio reviews, including a review of loans purchased, which are clearly not required under the Act or regulation. We believe this “new” guidance related to safety and soundness concerns should be removed.

#10 – Discusses The Amount Of Flood Insurance Required And Provides A Very Simple Example For A Non-Residential Building.

Since lenders have more difficulty with the larger and more complex loan structures, we request that the Q & A provide additional examples for complex commercial loans involving multiple

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structures and contents securing the same loan with values in excess of \$500,000 and loan amounts of \$1,000,000 or more.

#40 – Discusses Syndication/Participation Loans And Indicates That Each Participating Lender Is Responsible For Ensuring Compliance With The Act And Regulation.

We request further guidance on what constitutes adequate “upfront due diligence” to ensure the lead lender or agent has undertaken the necessary activities to ensure that the borrower obtains appropriate flood insurance and the lead lender has adequate controls to monitor the loan (s) on an on-going basis for compliance with the flood insurance requirements. Will a “letter of effectiveness” from the lead lender suffice or will the examiners expect to see annual documentation as to the policy renewals, etc., in the participating banks loan files?

#66 – Discusses Flood Insurance Notice Requirements.

Many of the examiners that we deal with are of the opinion that borrowers must be provided with 10 days notice if the secured property will be in a flood zone. Borrower notice of less than 10 days has not been considered adequate even if there is less than 10 days between loan approval and loan closing. They have gone so far as to suggest that a lender should not under any circumstances close a loan until the 10 days have elapsed – even in those cases where the borrower has already provided evidence that flood insurance has been obtained.

We request that the Q & A be expanded to provide specific guidance regarding notice timing requirements and the issues outlined above.

#72 – Discusses Notice Requirements for Subsequent Transactions.

We do not believe that Notices should be required for loans that are extended or renewed if a borrower is already carrying adequate flood insurance covering the secured property. The borrower is aware of the flood insurance requirements and is already meeting them so a new notice serves no purpose other than to increase lenders’ costs and ultimately the cost of obtaining credit.

Again, thank you for providing us with an opportunity to comment. If you have any questions concerning our comments, please contact me at 702-657-3528.

Sincerely,



Kathy Gately
Corporate Credit Compliance Manager