

FLOOD INSURANCE COMPLIANCE MONITORING CHECKLIST

This checklist can be used by institution compliance personnel as part of a routine review of the flood insurance requirements. It is not a substitute for the flood insurance statutes or regulations.

Coverage	YES	NO
1. Does the institution make (including loans acquired through table funding), increase, extend, or renew any loan (consumer or commercial) that is secured by improved real estate or mobile homes as defined in the regulation? If yes, complete the remainder of this checklist.	—	—
2. Does the institution identify whether property proposed as security for a loan is located in a Special Flood Hazard Area (SFHA)?	—	—
3. If the property proposed as security for a loan is or will be in a SFHA, does the institution determine if the community in which the SFHA is or will be located participates in the National Flood Insurance Program (NFIP)?	—	—
4. If the property proposed as security for a loan is located in a SFHA community that does not participate in NFIP, does the institution take that into account when deciding whether to make the loan?	—	—

Property Determination

1. If the institution uses a third party to prepare flood zone determinations, do the contractual documents between the parties:		
a. Provide for the third party's guarantee of its work?	—	—
b. Contain provisions to resolve disputes relating to determinations, to allocate responsibility for compliance, and to address which party will be responsible for penalties incurred for noncompliance?	—	—
2. Are flood zone determinations accurately prepared on the Standard Flood Hazard Determination Form (SFHDF) developed and authorized by the Federal Emergency Management Agency (FEMA)?	—	—
3. Does the institution maintain the SFHDF either in hard copy or electronic form for as long as it owns the loan?	—	—
4. Does the institution rely on a prior determination only if it is made on the SFHDF, is no more than seven years old and the community has not been remapped?	—	—

Determination Fees

1. Absent some other authority (such as contract language), does the institution charge a fee to the borrower for a flood determination only when:
 - a. A loan is made, increased, renewed or extended; ___ ___
 - b. Is made in response to a remapping by FEMA; or ___ ___
 - c. Results in the purchase of flood insurance under the forced placement provisions? ___ ___
2. If the institution is authorized to charge fees for determinations in situations other than those noted above, is the practice followed consistently? ___ ___
3. If the institution requires the borrower to obtain life-of-loan monitoring and passes that charge along to the borrower, does it either break out the original determination charge from the charge for life-of-loan monitoring or include the full amount of the charge as a finance charge for those loans subject to the Truth in Lending Act? ___ ___
4. Are the fees charged for making a flood determination reasonable? ___ ___

Notice Requirements

1. Are borrowers whose security property is located in a SFHA provided written notice within a reasonable time prior to loan closing? ___ ___
2. Does the notice contain:
 - a. A warning that the building or mobile home is located in an SFHA; ___ ___
 - b. A description of the flood insurance requirements; ___ ___
 - c. A statement, where applicable, that flood insurance is available under the NFIP and is also available from private insurers; and ___ ___
 - d. A statement about whether federal disaster relief assistance may be available in the event of damage to a building or mobile home caused by flooding in a federally declared disaster? ___ ___
3. If the institution uses the alternate notice procedures in the case of sales or leases as permitted by the regulation, does it obtain satisfactory written assurance from the seller or lessor that the notice was provided? ___ ___
4. Does the institution provide a copy of the borrower notification to the servicer of the loan within the required time frames? ___ ___
5. Does the institution retain a record of the receipt of the notifications provided to the borrower and the servicer for as long as it owns the loan? ___ ___

Insurance Requirements

- 1. If improved property or a mobile home is located in an SFHA and flood insurance is required, does the institution have the borrower obtain a policy, with the institution as loss payee, in the correct amount (the lesser of the outstanding principal balance or the maximum coverage available) prior to closing? — —

- 2. If the institution purchases servicing rights to loans covered by the regulation, do the contractual documents between the parties specify the obligations of the institution with respect to flood insurance compliance? — —

- 3. If the institution uses third parties to service loans covered by the regulation, do the contractual documents between the parties specify the obligations of the third party with respect to flood insurance compliance? — —

- 4. Where multiple properties securing a loan are located in SFHAs, does the institution have sufficient insurance either through a single policy with a scheduled list of several buildings or through multiple policies, to meet the minimum requirements of the regulation? — —

Escrow Requirements

- 1. If the institution requires the escrow of funds for property taxes, hazard insurance or other fees on residential improved real estate, does it also require the escrow of funds to cover premiums for flood insurance on those loans closed on or after October 1, 1996? — —

- 2. For loans closed on or after October 1, 1996, that are subject to the Real Estate Settlement Procedures Act (RESPA) and where flood insurance is required, does the institution comply with the provisions of §10 of RESPA (Section 3500.17 of Regulation X) for those escrow accounts? — —

Forced Placement Requirements

- 1. If at any time during the life of the loan the institution determines that property securing a designated loan lacks adequate flood insurance coverage:
 - a. Does the institution provide written notice to the borrower stating that the necessary coverage must be obtained within 45 days of the notice or the institution will purchase it on the borrower's behalf? — —

 - b. Does the institution purchase the coverage on the borrower's behalf if the borrower does not obtain the required policy within the required time period? — —

Notice to Director of FEMA

1. Does the institution provide the appropriate notice to the carrier of the insurance policy (the Director of FEMA's designee) regarding the identity of the servicer of a designated loan? — —

2. If the institution sells or transfers the servicing of designated loans to another party, does it have procedures in place to provide the appropriate notice to the carrier of the insurance policy within 60 days of the effective date of the transfer of the servicer? — —

Inactive