

FLOOD DISASTER PROTECTION ACT (FDPA)

EXAMINATION PROCEDURES

Examination Objectives

- Determine whether a credit union performs required flood determinations for loans secured by improved real estate or a mobile home affixed to a permanent foundation in accordance with the final rule
- Determine if the credit union requires flood insurance in the correct amount when it makes, increases, extends, or renews a loan secured by improved real estate or a mobile home located, or to be located, in a Special Flood Hazard Area (SFHA) of a community participating in the National Flood Insurance Program (NFIP)
- Determine if the credit union provides the required notices to the borrower, servicer, and to the Director of the Federal Emergency Management Agency (FEMA) whenever it requires flood insurance as a condition of the loan
- Determine if the credit union requires escrow accounts for flood insurance premiums when requiring flood insurance on a residential building and when other items required escrowing
- Determine if the credit union complies with the forced placement provisions if at any time during the term of a loan it determines that flood insurance on the loan does not sufficiently meet the requirements of the regulation

Examination Procedures

1. Review loan files for documentation of loan determination.
2. Complete the FDPA questionnaire.

Reference

Part 760 NCUA R&R

FDIC Examination Manual – Lending

See Also: Flood Insurance Questions and Answers

<http://www.ncua.gov/Legal/Pages/RA2010-14.aspx>

<http://www.ncua.gov/Legal/Pages/RA2009-01.aspx>

<http://www.ncua.gov/Resources/Pages/LCU2010-08.aspx>