

To: Member Companies

From: NFDA Board of Directors

Date: March 11, 2008

Subject: Statement Regarding OCC Bulletin 2008-4

On February 25, 2008 the Office of the Comptroller of the Currency (OCC) issued Bulletin 2008-4 to inform national banks of its concerns regarding certain flood hazard determination practices. The OCC expressed concern that these certain practices may expose national banks to compliance and operational risk.

Specifically, the OCC stated that national banks' third party vendors that provide community status information for flood hazard determinations may not be relying upon the Community Status Book (CSB) as the source of their data. Through their examinations, the OCC has discovered that in some cases the Flood Map Status Information Service (FMSIS) distributed by FEMA may be the source utilized by entities to determine the community status information. While the FMSIS file does contain community status information, it is a separately-maintained database and may not contain the latest information pertaining to status.

The NFDA encourages its members to read the OCC bulletin and ensure that its policies, procedures and data resources are sufficient and provide reliable and accurate information relative to community status when completing a flood hazard determination. The NFIP Community Status Book is available online at <http://www.fema.gov/fema/csb.shtm>, and lists the status of NFIP participating and non-participating communities. It further identifies NFIP Regular Program communities, Emergency Program communities and communities that have been suspended from the Program.

Additionally, the OCC stated that some flood determination companies do not identify on the Standard Flood Hazard Determination Form that they have revised or updated a flood hazard determination. The OCC is concerned that if the revised or updated date is not recorded on the form, a bank may not be able to determine or track compliance with the regulation.

For those members who contract with national banks, the NFDA suggests that they review the concern outlined by the OCC. Further, member companies may wish to review their policies and procedures and consult with their clients to identify any action that may be necessary to support compliance with regulations.

Any inquiries related to this statement should be directed to the NFDA at info@nfdaflood.com.

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