

AuditOne Regulatory Advisory

From Bud Genovese, Chairman

In our ongoing efforts to keep you abreast of changes and news in the regulatory environment, we periodically issue AuditOne **Regulatory** Advisories. Here is an update about Flood Insurance from AuditOne President Jeremy Taylor. Please feel free to forward it to the appropriate people in your bank.

Thank you, --Bud

Flood Insurance Update

We have just learned about a fine point interpretation of the Flood Insurance regulation that appears to be a new issue which, if not complied with, we understand may result in civil money penalties. This potential violation involves the disclosure requirements of FDIC Section 339.9(a) with regard to renewed, extended or increased loans secured by improved real estate. If you use LaserPro, your loan application is probably correctly set up to generate the required "Agreement to Provide Insurance" on both new and renewed/extended/increased loans secured by improved real estate. However, make sure the "Notice of Special Flood Hazards and Availability of Federal Disaster Relief Assistance," which you are providing at origination of new loans, is also being (re-)produced for renewed, extended or increased loans secured by improved real estate, and a copy signed by the borrower retained in your files.

We at AuditOne would be happy to answer any questions you may have on this.

Watch for future AuditOne **Regulatory** Advisories based on real-time, up to the minute knowledge direct from the marketplace.

Bud Genovese is Chairman of AuditOne LLC, a California-based internal audit firm that focuses on financial institutions and their service providers. Mr. Genovese pioneered the concept of providing comprehensive, affordable, independent internal audit and credit review services by gathering wide-ranging, seasoned expertise within one firm. AuditOne now serves over 180 clients throughout the Western United States and nationally. Contact Bud Genovese at 408-980-8099.