



**31,500:** the number of noncompliant loans HUD identified in SFHA flood zones lacking adequate flood insurance

**\$4.5 billion:** amount of lender risk from noncompliant loans

# Newbold's Three Steps to Flood Insurance Compliance

## Step 1: Assess your Flood Insurance Program

- Policies & procedures
- Process maps
- Flood insurance monitoring program
- Document-to-data
- Flood zone designation confirmation
- Insured value
- Flood insurance evaluation and tracking
- Detached structures
- Letter cycle
- Force-placement process
- Refund timeliness and accuracy

## Step 2: Identify Compliance Gaps

- Lack of processes and procedures for ensuring compliance
- SFHA loans without adequate flood insurance
- Lapsed insurance policies
- Non-escrowed premiums and fees
- Failure to notify borrowers
- Failure to initiate force-placement

## Step 3: Remediate to Avoid Penalties

- Conduct QC review of compliance errors
- Develop a remediation plan
- Select remediation populations based on risk tolerance and compliance demographics
- Document flood insurance data on a loan-level basis
- Update policies and procedures for future use

**Newbold can help you avoid risk!**



*"Regulators are tightening the screws on lenders and their compliance to flood insurance regulations. You're much better off to self-identify your compliance issues and start remediating before regulators come knocking on your door for a compliance audit."*

**Robert Simpson, Partner**  
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