



FEMA

W-06059

August 29, 2006

MEMORANDUM FOR: Write Your Own Principal Coordinators
and the NFIP Servicing Agent

FROM: Demetris B. Brown
Director, Financial and Statistical Control
NFIP Bureau and Statistical Agent

SUBJECT: Accounting Training Assistance Bulletin (ATAB) No. 2006-3,
Cash Management Procedures — Restricted Account/
Lockbox Charges

Cash Management Procedures as specified in the WYO Accounting Procedures Manual, Part C, require all premiums (net of expense allowances), Federal Policy Fees, and interest income relating to the WYO flood insurance program to be deposited in a special account at an FDIC-regulated bank, separate and restricted from all other WYO Company business. The procedures further note that the WYO Company must deposit flood insurance funds in the restricted account as soon as possible following collection of the premium. The procedures require a good faith effort on behalf of the WYO Company to comply with this intent and to implement procedures that satisfy this intent.

Specifically, in regard to Restricted Account charges, FEMA will reimburse the WYO Company for expenses incurred for the utilization of ACH, wire transfers, credit cards, internet charges, or other charges levied by the banking institution related to the restricted flood account. However, FEMA will not reimburse the WYO Company for lockbox charges incurred from premium deposits on behalf of the WYO Company. Any lockbox charges must be absorbed by the WYO Company under administrative expenses currently paid to the WYO Company through the expense allowance.

Please reference the Cash Management Procedures in the WYO Company Accounting Procedures Manual, Parts B and C, to ensure compliance with the WYO Company Restricted Account requirements.

If you have questions, please email Evelyn Ragland or me at financials@nfipstat.com.

cc: IBHS, FIPNC, Government Technical Representative

Suggested Routing: Accounting