



National Association
of Federal Credit Unions
3138 10th Street North
Arlington, VA 22201-2149

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December 24, 2014

Gerard Poliquin
Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314-3428

RE: Comments on Proposed Rulemaking Regarding Loans in Areas Having
Special Flood Hazards

Dear Mr. Poliquin:

On behalf of the National Association of Federal Credit Unions (NAFCU), the only trade association that exclusively represents federal credit unions, I am writing to you regarding the multi-agency joint notice of proposed rulemaking regarding loans in areas having special flood hazards. NAFCU appreciates the opportunity to comment on this important issue.

The notice of proposed rulemaking would amend regulations regarding loans in areas having special flood hazards to implement provisions of the Homeowner Flood Insurance Affordability Act of 2014 (HFIAA). Specifically, the proposal would establish requirements for financial institutions with assets of more than \$1 billion or servicers acting on their behalf, with respect to the escrow of flood insurance payments, consistent with the changes set forth in HFIAA. There are significant costs associated with establishing and maintaining escrow accounts. NAFCU has heard from a number of credit unions in rural and underserved areas that are concerned that this added cost could drive them out of the mortgage business for homes in flood hazard areas, ultimately limiting consumer options.

This proposed rulemaking does not affect the other provisions of The Biggert-Waters Flood Insurance Reform of 2012 relating to private flood insurance and force-placed flood insurance. NAFCU looks forward to commenting on those issues when they are addressed in future rulemakings.

Thank you for your continued commitment to listen to feedback from credit unions. Should you have any questions or would like to discuss these issues further, please feel free to contact me at PJHoffman@nafcu.org or (703) 842-2212.

Sincerely,

PJ Hoffman
Regulatory Affairs Counsel