



Credit Union National Association

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cuna.org

VIA E-MAIL – regcomments@ncua.gov

May 19, 2008

Ms. Mary Rupp
Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, Virginia 22314-3428

RE: CUNA Comments on Flood Insurance, Interagency
Questions and Answers

Dear Ms. Rupp:

The Credit Union National Association (CUNA) appreciates the opportunity to comment on the proposed changes to the questions and answers (Q&As) regarding flood insurance that were originally published in 1997 by the National Credit Union Administration (NCUA) and the other federal financial institution regulators. The Q&As are intended to serve as guidance on flood insurance requirements for financial institutions, agency personnel, and the public. CUNA represents approximately 90 percent of our nation's 8,400 state and federal credit unions, which serve more than 90 million members.

The Q&As are being updated in response to issues that have been brought to the attention of the agencies since they were originally published in 1997. The proposed changes include new questions and answers in a number of areas, including second lien mortgages, civil money penalties, loan participations, construction loans, and condominiums. In addition to addressing new areas, the proposed changes are also intended to provide clearer guidance, including clarifying areas of potential misunderstanding.

Summary of CUNA's Comments

- The term "overall value" in Questions 7, 10, and 12 should be clarified.
- Question 31 should be clarified to indicate that a loan application does not trigger a flood determination.
- NCUA should ensure that the Q&As are easier to find on its website.



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CUNA and our member credit unions appreciate the guidance outlined in the Q&As, but do have a few concerns that we want to bring to your attention. Questions 7, 10, and 12 reference the term “insurable value,” defined as “the overall value of the property securing the designated loan minus the value of the land on which the property is located.” We would appreciate more guidance on the meaning of the term “overall value,” which is not defined in these questions.

Question 31 references flood insurance requirements for home equity loans, lines of credit, subordinate liens, and other security interests in collateral. While the answer to this question explains that draws against an approved line of credit do not require a flood determination, it does indicate that a flood determination is required when an application is made for this type of credit. It is our understanding that an application for a loan does not trigger a flood determination, and this would include an application for a line of credit. We request that the answer to Question 31 be modified accordingly.

We also believe NCUA should increase efforts to ensure that credit unions are aware of and have access to this information. For example, it is rather difficult to find this information on the NCUA website. Credit unions are increasingly relying on NCUA’s website for regulatory and other information that affects them, and we expect this reliance to increase in the future. For this reason, we urge NCUA to ensure that these Q&As will be easy to find for those who use the website as means to obtain this and other regulatory information.

Thank you for the opportunity to comment on these proposed interagency Q&As regarding flood insurance. If Board members or agency staff have questions about our comments, please contact Senior Vice President and Deputy General Counsel Mary Dunn or me at (202) 638-5777.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeffrey Bloch", is written over a light blue rectangular background.

Jeffrey Bloch
Senior Assistant General Counsel