



December 29, 2014

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

Dear Mr. Poliquin:

Re: RIN 3133-AE40
Loans in Areas Having Special Flood Hazards

Alaska USA Federal Credit Union (Alaska USA) appreciates the opportunity to comment on the proposed notice of joint rule-making on Loans in Areas Having Special Flood Hazards.

Alaska USA is a federally chartered credit union with \$5.8 billion in assets, serving over 500,000 members throughout the United States. Alaska USA provides members with both short-term real estate loans and traditional long-term mortgage loans. Short-term real estate loans are secured by either a first or second deed of trust, with terms up to 20 years.

Alaska USA offers short-term FHA Title 1 and Residential Equity loans that involve residential improved real estate that, under the proposed rule, would require an escrow account to be established if the subject property was located in a Special Flood Hazard Area. Alaska USA does not currently establish escrow accounts for members with a FHA Title 1 or Residential Equity loan, and the responsibility for payment of taxes and insurance, including flood insurance, remains with the member. The credit union's loan servicing system for short-term real estate loans does not currently have the capability to manage escrow accounts, and the vendor has indicated they do not intend to offer this feature in the future. It is our understanding that as many as 40% of all credit unions with over \$1 billion in assets, utilize this same loan servicing system and, as a result, this proposal may negatively impact members of credit unions throughout the United States.

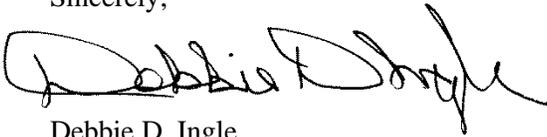
In order for Alaska USA to continue originating FHA Title 1 and Residential Equity loans and meet the provisions as set forth in the proposal, Alaska USA will be required to purchase a replacement loan servicing platform with substantial costs associated in doing so. The costs for securing and implementing a replacement servicing platform would need to be carefully analyzed and would most likely result in increased loan fees and/or interest rates, or the elimination of these services.

Another concern is the tracking of escrows for flood insurance on those loans where the lender is in a subordinate lien position, and the superior position(s) is held by another lender. This is further complicated when a superior lien is released due to payoff. There is no system available within the lending industry to track escrows at other institutions or changes in lien position.

In summary, Alaska USA fully supports protecting the consumer and the safety and soundness of the financial system. We ask that loans in a subordinate lien position be exempted from this proposed escrow requirement and that you give careful consideration to the unintended consequences of the proposed rules as they could either increase costs or potentially eliminate services to credit union members.

Thank you for the opportunity to comment on the proposal. Please contact me at (907) 222-8942 if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Debbie D. Ingle". The signature is fluid and cursive, with a large initial "D" and a long, sweeping underline.

Debbie D. Ingle
Executive Director,
Mortgage and Real Estate Lending