



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

NAFCU | Your Direct Connection to Education, Advocacy & Advancement

December 10, 2013

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 notice of proposed rulemaking regarding loans in areas having special flood hazards. While many of the comments in this letter are constrained to the questions asked in the request for comment, NAFCU must also take this opportunity to encourage NCUA and other agencies to work with Congress to delay premium increases that threaten to cripple housing prices in flood prone areas.

Escrow Requirements

The proposed rule would require credit unions over \$1 billion in assets, or servicers acting on their behalf, to escrow premiums and fees for flood insurance for any loans secured by residential improved real estate or a mobile home. 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.

Premium Increases

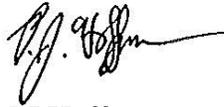
NAFCU remains concerned about National Flood Insurance Program (NFIP) premium increases which will take effect this year and the impact they will have on credit unions and their members. NAFCU believes such increases should be delayed until at least such time as the Federal Emergency Management Agency (FEMA) completes its affordability impact study outlined in the Biggert-Waters Flood Insurance Reform of 2012 legislation and Congress is able to review the findings. While this will require an Act of Congress,

NAFCU encourages NCUA and other agencies to work with Congress to find a solution to this impending problem.

Failure to act in this regard could mean that premiums will skyrocket for many Americans struggling in these uncertain times. Furthermore, various local housing markets could face drastic negative impacts. New premiums could be unaffordable to many, dropping home values in a tenuous economy. We are already hearing reports from our member credit unions that these impacts are beginning to materialize.

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,

A handwritten signature in black ink, appearing to read "P.J. Hoffman", with a long horizontal flourish extending to the right.

PJ Hoffman
Regulatory Affairs Counsel