



December 14, 2016

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

Dear Mr. Poliquin:

Re: Loans in Areas Having Special Flood Hazards-Private Flood Insurance, RIN 3133-AE64

Alaska USA appreciates the opportunity to comment on the inter-agency (Agencies) joint notice of proposed rule-making on loans in areas having special flood hazard-private flood insurance.

Alaska USA serves over 593,000 members throughout the United States and annually provides home financing to over 4,700 members, representing \$1.2 billion in originations.

We understand the proposal is to amend current regulations to implement the private flood insurance provisions of the Biggert-Waters Flood Insurance Reform Act of 2012. Although the Agencies have acknowledged the concerns voiced by the industry relating to the private flood insurance provisions, the current proposal does little to address those concerns. As proposed, the lending industry will incur additional compliance requirements and cost to implement the new private flood insurance provisions.

The proposal seeks to provide clarifying language in the definition of flood insurance, in order to assist lenders in their determination of what would satisfy the statutory definition of private flood insurance. This requires the lender to compare the terms and coverage of a privately issued flood insurance policy against that of a standard flood insurance policy. Lenders do not typically have insurance agents on staff, nor do they have the expertise to underwrite insurance policies. Providing a determination that a particular flood insurance policy meets the legal definition requires the lender to become an expert in underwriting flood insurance policies or seek assistance from third parties. Either option will increase the cost of the loan to the lender and/or borrower.

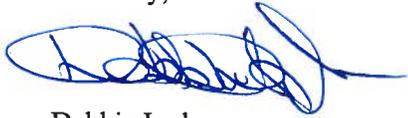
The Agencies also propose to provide lenders with a safe harbor through its compliance aid for mandatory acceptance requirements. However, the burden is shifted to the lender to review the policy language, confirm required language is included in the policy and ensure certain other criteria are satisfied. This additional "safe harbor" review step will delay the closing process at an additional cost to the lender and/or borrower who are already overburdened by regulatory compliance.

The discretionary acceptance language offers lenders the flexibility to accept a flood insurance policy issued by a private insurer that is neither issued by the National Flood Insurance Program nor considered a private flood insurance policy under the proposed statutory definition. Though the language seems to indicate some of the qualifying criteria would be simple to determine, once again the burden rests with lenders to review the policy and provide a determination whether there is adequate protection of the loan collateral. Further clarification is necessary to define "sufficient protection of the loan."

In summary, the proposal requires the lender to take on responsibility and accountability for flood insurance without the expertise in the industry to do so. The unintended consequence of this proposal could be the withdrawal of lenders in specific communities that would have a negative impact on the stability of the market, and in all cases adversely affect consumers.

Thank you for the opportunity to comment on the proposal. If you have any questions, please feel free to contact me at [d.ingle@alaskausa.org](mailto:d.ingle@alaskausa.org) or (907) 222-8942.

Sincerely,



Debbie Ingle  
Executive Director,  
Mortgage and Real Estate Lending