



Credit Union National Association

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May 9, 2012

The Honorable Jon Tester  
Chairman  
Subcommittee on Economic Policy  
Committee on Banking, Housing, and  
Urban Affairs  
United States Senate  
Washington, DC 20510

The Honorable David Vitter  
Ranking Member  
Subcommittee on Economic Policy  
Committee on Banking, Housing, and  
Urban Affairs  
United States Senate  
Washington, DC 20510

Dear Chairman Tester and Ranking Member Vitter:

On behalf of the Credit Union National Association (CUNA), I am writing regarding the hearing today on the National Flood Insurance Program (NFIP): The Need for Long-Term Reauthorization and Reform. CUNA is the largest credit union advocacy organization in the United States, representing nearly 90% of America's 7,300 state and federally chartered credit unions and their 95 million members. We appreciate the opportunity to share our views regarding this issue.

As you know, the National Flood Insurance Program (NFIP), administered by the Federal Emergency Management Agency (FEMA), was established in 1968. Prior to its existence, many homeowners, renters, and businesses were unable to insure against flood losses because private insurers did not offer such coverage or because it was unaffordable. Flood insurance is required by law in flood zone areas that are designated by the recently updated FEMA maps and thus a necessary purchase by prospective homeowners before credit unions can offer mortgages and other related products to homebuyers.

Previous lapses in NFIP authorization have caused significant disruption in the mortgage underwriting process for thousands of prospective homeowners. With the program's authorization set to expire at the end of this month, it is urgent that Congress extend the authority of this crucial program or pass comprehensive reform.

Last year, the House of Representatives and the Senate Banking Committee passed five-year reauthorization bills. We support a provision contained in the House-passed bill (H.R. 1309) that codifies the existing practice that allows a lender or servicer to charge the borrower for the cost of premiums and fees incurred by the lender or servicer in cases where a borrower who is required to have flood insurance either cancels or lets the required policy lapse and then fails to purchase flood insurance within 45 days after notification of the lapse.



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The House-passed provision simply removes any ambiguity and clarifies that in such cases the lender or servicer may charge the borrower for the premiums or fees incurred for coverage beginning on the date on which flood insurance coverage lapsed or did not provide a sufficient coverage amount. We urge the Senate to include this common-sense language in any bill flood insurance bill it considers.

On behalf of America's credit unions and their 95 million members, we encourage the Senate to reauthorize the National Flood Insurance Program before its authorization lapses. Thank you for your consideration of our views.

Best regards,

A handwritten signature in black ink, appearing to read "Bill Cheney", with a long, sweeping tail extending to the right.

Bill Cheney  
President & CEO