



Credit Union National Association

cuna.org

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June 27, 2012

The Honorable Harry Reid
Majority Leader
United States Senate
Washington, DC 20510

The Honorable Mitch McConnell
Minority Leader
United States Senate
Washington, DC 20510

The Honorable John Boehner
Speaker of the House
United States House of Representatives
Washington, DC 20510

The Honorable Nancy Pelosi
Minority Leader
United States House of Representatives
Washington, DC 20510

Dear Majority Leader Reid, Minority Leader McConnell, Speaker Boehner and Minority Leader Pelosi:

On behalf of the Credit Union National (CUNA), I am writing about the reauthorization and reform of the National Flood Insurance Program (NFIP). 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. Credit unions support the bills providing for reform and 5-year extension of the NFIP which have passed the House of Representatives and the Senate Banking Committee, and we strongly urge Congress to enact a 5-year extension of the program before the current authorization expires in July.

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 July, it is critically important that Congress to enact legislation providing for reform of the NFIP as well as a long-term reauthorization because doing so would not only improve this program but also provide certainty to those who rely on the NFIP.

While we are supportive of the Senate Banking Committee-approved bill, the House-passed bill includes a provision related to force placed insurance which is important to credit unions. This provision would codify 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. This language is important



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because it 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 which flood insurance coverage lapsed or did not provide a sufficient coverage amount. We hope this language can be included in the bill that Congress ultimately enacts.

On behalf of America's credit unions and their 95 million members, we encourage Congress to enact a 5 year reauthorization of the NFIP. 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 underline that extends to the right.

Bill Cheney
President & CEO