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May 24, 2013

Ms. Monica Jackson
Office of the Executive Secretary
Consumer Financial Protection Bureau
1700 G Street, NW
Washington, D.C. 20552

Re: Docket No. CFPB-2013-0013; Comments on Loan Originator

Compensation Requirements under the Truth In Lending Act (Regulation Z); Prohibition on Financing Credit Insurance Premiums; Delay of Effective

Date

Dear Ms. Jackson:

The Credit Union National Association ("CUNA") appreciates the opportunity to comment on the Consumer Financial Protection Bureau's ("CFPB" or "Bureau") proposal to temporarily delay the June 1 effective date of the prohibition on financing credit insurance premiums in connection with certain consumer credit transactions secured by a dwelling. By way of background, CUNA is the nation's largest credit union trade organization, representing approximately 90 percent of our nation's 7,000 state and federal credit unions, which serve over 96 million members.

CUNA strongly supports the Bureau's proposal to delay the June 1, 2013 effective date of the prohibition on creditors financing credit insurance premiums in connection with certain consumer credit transactions secured by a dwelling, specifically 12 CFR 1026.36(i). CUNA appreciates the Bureau considering our views and requests for this much needed delay as we stated in our April 19, 2013 letter to Director Cordray.

CUNA fully recognizes and supports the prohibition under Section 1414 of the Dodd-Frank Act regarding the financing of <u>actual</u> single-premium credit insurance. However, language was included in the Supplementary Information (which was not contained within the proposal) that remains unclear, and arguably purports to prohibit the addition of any monthly charge for the insurance to the loan balance. This practice appears to be fairly common among credit union mortgage lenders as a number of credit unions' data processing systems add the insurance premium amount to the loan balance on a monthly basis and as a result, it will be quite costly for changes to be made in a short amount of time. Quite literally, it would be



impossible for many credit unions and their data processors to complete required programming changes by the existing June 1, 2013 effective date currently set forth in the final rule.

We understand the Bureau intends to engage in an additional rulemaking to address, among other things, language contained within both the Dodd-Frank Act and the CFPB's final mortgage loan originator compensation final rule providing an exception for "insurance premiums or debt cancellation or suspension fees calculated and paid in full on a monthly basis. This language, coupled with the language included in the Supplemental Information to the final rule referenced in our April 19, 2013 letter to the agency, has produced a great deal of confusion among credit union mortgage lenders. As such, CUNA strongly supports the Bureau's proposal to temporarily delay the effective date of § 1026.36(i) until such time as the CFPB may propose additional clarifications and explanations surrounding the prohibition, and until a new effective date can be established for the prohibition.

CUNA, however, supports retaining the existing effective date of June 1, 2013, with respect to <u>actual</u> single-premium insurance amounts which are added at loan origination. We believe this important consumer protection should be made effective as soon as possible.

CUNA strongly urges the Bureau delay the effective date of this provision for insurance premium amounts other than <u>actual</u> single premiums until at least January 10, 2014, when the remainder of the mortgage loan originator final rule is slated to take effect.

Conclusion

Thank you for the opportunity to comment on the CFPB's proposal to temporarily delay the June 1 effective date of the prohibition on financing credit insurance premiums in connection with certain consumer credit transactions secured by a dwelling. If you have any questions concerning our letter, please feel free to contact CUNA's Senior Vice President and Deputy General Counsel Mary Dunn or me at (202) 508-6732.

Sincerely,

Jared Ihrig

Associate General Counsel