



Credit Union National Association

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cuna.org

May 28, 2013

Federal Housing Finance Agency
Office of Housing and Regulatory Policy
Constitution Center
400 Seventh Street, SW., Ninth Floor
Washington, D.C. 20024

Re: Lender Placed Insurance, Terms and Conditions

To Whom it May Concern:

The Credit Union National Association ("CUNA") appreciates the opportunity to comment on The Federal Housing Finance Agency's (FHFA) notice concerning Lender Placed Insurance, Terms and Conditions. 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.

The notice addresses certain practices relating to lender placed insurance that the FHFA considers contrary to prudent business practices. The notice also addresses appropriate administration of Fannie Mae and Freddie Mac (the Enterprises) guaranteed loans and concerns about lender placed insurance costs, compensation, and practices raised by various insurance groups, state regulators, the Consumer Financial Protection Bureau, and others.

The notice states that the focus of these concerns has centered, generally, on excessive rates and costs passed onto borrowers, as well as commissions and other compensation paid to servicers by carriers.

CUNA understands that the specific concerns of FHFA are related to practices regarding conflicts between parties to the insurance agreement. These include: prohibiting sellers and servicers from receiving, directly or indirectly, remuneration associated with:

- Placing coverage with or maintaining placement with particular insurance providers; and
- An insurance provider ceding premiums to a reinsurer that is owned by, affiliated with or controlled by the seller or servicer.



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CUNA generally supports FHFA's notice and prohibitions set forth within the notice. Credit unions act in the best interest of their member-owners, and in the event that lender placed insurance becomes necessary, all reasonable efforts are taken by credit unions to ensure that the cost of such insurance is as favorable as possible to the member-owner. These practices are consistent with the overall mission of credit unions.

Thank you for the opportunity to comment on FHFA's notice concerning Lender Placed Insurance, Terms and Conditions. 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