



January 22, 2021

Regulations Division, Office of General Counsel
Department of Housing and Urban Development
451 7th Street SW, Room 10276
Washington, DC 20410-0500

Re: Acceptance of Private Flood Insurance for FHA-Insured Mortgages, RIN 2502-AJ43

To Office of General Counsel:

The Indiana Credit Union League (ICUL) appreciates the opportunity to submit comments on the Department of Housing and Urban Development (HUD) Proposed Rule on Acceptance of Private Flood Insurance for Federal Housing Administration (FHA) Insured Mortgages. The ICUL member credit unions represent 99% of assets and members of Indiana's credit unions, with those memberships totaling more than 2.7 million consumers. Credit unions work with members to provide different lending products, and FHA-insured mortgages are a very popular option for first-time home buyers.

The current FHA rules do not allow private flood insurance as an alternative to special flood hazard insurance policies issued by the National Flood Insurance Program (NFIP). The proposed change to allow private flood insurance is a welcomed alternative. Also, this proposal would harmonize the flood insurance options for conventional and FHA borrowers.

Although NFIP policies are the most common option, borrowers and their lenders should have options to ensure their asset is protected. This alternative will allow borrowers more decisioning on what policy best suits their needs and budget, while continuing to ensure compliance with the flood insurance requirements.

Regarding the definition of private flood insurance and reliance upon a statement that the insurance policy meets the flood insurance requirements, we believe this change is a necessary so mortgagees can rely on such a statement without being forced to become insurance policy experts and assume the associated responsibility and liability.

The ICUL appreciates the opportunity to comment and applauds HUD's effort to make flood insurance more consistent and to give borrowers the ability to make decisions that better fit their needs, while still ensuring that their property is protected. We ask HUD to consider our comments as discussed above. If you have any questions about our letter, please do not hesitate to give me a call at (317) 594-5320.

Sincerely,

John McKenzie
President, Indiana Credit Union League