



MISSOURI CREDIT UNION ASSOCIATION

May 28, 2013

Federal Housing Finance Agency  
Office of Housing and Regulatory Policy  
Constitution Center  
400 Seventh Street S.W.  
Ninth Floor  
Washington, DC 20024  
[LPIinput@fhfa.gov](mailto:LPIinput@fhfa.gov)

**RE: Don Cohenour – FHFA 2013-N-5  
Lender Placed Insurance, Terms and Conditions**

To Whom It May Concern:

On behalf of the 1.3 million credit union members, the Missouri Credit Union Association (MCUA) would like to take this opportunity to express our views on The Federal Housing Finance Agency's (FHFA's) notice on lender placed insurance and its terms and conditions. The notice sets forth an approach to address certain practices relating to lender placed insurance that FHFA considers contrary to prudent business practice, to appropriate administration of Fannie Mae and Freddie Mac (the Enterprises) guaranteed loans, and which expose the Enterprises to potential losses as well as litigation and reputation risks.

Concerns about lender placed insurance costs, compensation, and practices, have been raised by the Consumer Financial Protection Bureau and others. Generally, the focus has centered on excessive rates and costs passed onto borrowers, as well as commissions and other compensation paid to servicers by carriers. In order to keep insurance costs to the Enterprises as low as possible, practices that provide incentives for or do not deter higher costs should be avoided. The specific practices related to lender placed insurance that FHFA has determined pose risks to the Enterprises regarding conflicts between parties include:

- The Enterprises shall prohibit sellers and servicers from receiving, directly or indirectly, remuneration associated with placing coverage with or maintaining placement with particular insurance providers; and

*Your Best Resource!*

2055 Craigshire Drive • St. Louis, Missouri 63146-4009 • T: 314-542-0555 • F: 314-542-1387  
6220 Blue Ridge Cut-Off, Suite 300 • Kansas City, Missouri 64133-3730 • T: 816-313-0005 • F: 816-313-0011  
1-800-392-3074 • [www.mcua.org](http://www.mcua.org)

- The Enterprises shall prohibit sellers and servicers from receiving, directly or indirectly, remuneration associated with an insurance provider ceding premiums to a reinsurer that is owned by, affiliated with or controlled by the sellers or servicer.

MCUA supports FHFA's notice. In general, MCUA does not believe that credit unions engage in these types of sales commission or reinsurance activities which the agency is seeking to prohibit. Credit unions are member-owned and; therefore, strive to insure that the cost of forced placed insurance is as economical as possible. However, we do urge the FHFA to prevent unequal treatment of loans by expanding the prohibitions to cover more loans than those purchased by the Enterprises.

As always, we appreciate the opportunity to respond to the FHFA's notice on lender placed insurance. We will be happy to respond to any questions regarding these comments.

Sincerely,

A handwritten signature in cursive script that reads "Don Cohenour". The signature is written in black ink and is positioned above the typed name and title.

Don Cohenour  
President