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December 26, 2014

Mr. Barry F. Mardock  
Deputy Director  
Office of Regulatory Policy  
Farm Credit Administration  
1501 Farm Credit Drive  
McLean, VA 22102-5090

RE: Proposed Rule on Flood Insurance – 12 CFR Part 614 RIN 3052-AC93

Dear Mr. Mardock:

United FCS, ACA (United FCS) appreciates the opportunity to comment on the Farm Credit Administration's (FCA) proposed rulemaking to implement certain provisions of the Homeowner Flood Insurance Affordability Act of 2014 (HFIAA). We strongly join in and support the comments submitted by the Farm Credit Council as they reflect the consensus view of the entire Farm Credit System on this important matter.

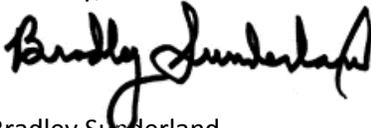
Additionally, we find the following subjects addressed by this rulemaking to be worthy of special comment and emphasis:

**De Minimis Exemption.** The proposed rules would require that United FCS implement an escrow program for all loans, including consumer loans, which are not covered by an exception to the mandatory escrow requirements. Consequently, we would have to implement an escrow program even though we have very few consumer loans that are subject to the mandatory flood insurance requirements. The costs and administrative burden that would be necessary to properly implement such program would be excessive and unduly high, particularly where our borrowers on these loans have faithfully paid all insurance premiums and fees in a timely manner, and thus kept insurance coverage in place. Congress surely would not have intended that enacting HFIAA would cause this untenable result to occur. To address this concern, we urge the FCA to revise the proposed rules to exempt an otherwise covered lender from the escrow requirements, where the lender's portfolio of consumer loans does not exceed the lesser of 200 in number or 5% of total originated loan volume.

**Option to Escrow Requirements.** Under the proposed rules, we would be required to notify all borrowers who have loans where flood insurance is mandatory by March 31, 2016 of the option to escrow premiums and fees. As proposed, this optional escrow would operate until a triggering loan action event occurs which would cause a mandatory escrow program for affected loans to commence. While this general approach may make sense for lenders who no longer qualify for the small lender exception (which is also proposed), we find that it would be unduly burdensome and unnecessary to apply elsewhere. Accordingly, FCA should revise the proposed rule to limit the optional escrow requirements to lenders who no longer qualify for the small lender exception.

Please contact me or President and Chief Executive Officer Marcus Knisely if you wish to discuss our comments or require any additional information.

Sincerely,

A handwritten signature in black ink that reads "Bradley Sunderland". The signature is written in a cursive, flowing style.

Bradley Sunderland  
Board Chair

Cc: Ken Auer, President and CEO – Farm Credit Council  
Marcus L. Knisely, President and CEO – United FCS