

Sample WCA Notice of Insurance Placement
(Failure to Insure Collateral; used after force-placing insurance)

RESPA Reg. X may apply with additional notice requirements for real estate loans. See ii Release No. B075. After a credit union has purchased (force placed) insurance for collateral, the Wisconsin Consumer Act (§422.207(2)) requires that the member be notified of the amount advanced within a reasonable time. This Sample Notice of Insurance Placement presumes that the borrower was provided a Notice of Non-Performance and that the borrower failed to provide adequate proof of insurance within 10 days of that notice. Force-placed insurance should normally be amortized over the coverage period, and this should be reflected in the revised payment schedule in the Notice of Insurance Placement.

This notice is intended as a "sample" or "guide" to help credit unions develop their own customized or individual notices. However, a notice that works well for one credit union may not be appropriate for another. Therefore, each credit union should make revisions by deleting or adding language to accommodate their own particular situation regarding technology, personnel, products and services, facilities, and other relevant factors. The credit union's notices should be reviewed for compliance with applicable rules and regulations from time to time. The League cannot guarantee that a sample notice is in compliance with the law. The notice is not intended as legal advice.

[Credit Union Letterhead]
NOTICE OF INSURANCE PLACEMENT

DATE: _____

TO: [Insert names of all borrowers]

LOAN NO.: _____

Because you did not provide proof of insurance satisfactory to the credit union within 10 days after the effective date of the Notice of Non-Performance on this loan, the credit union has purchased such insurance.

On _____, the credit union advanced \$ _____ to
_____ for the following insurance coverage:

[Briefly describe the insurance paid for, including the type and amount of coverage.]

- ☐ You must pay the premium of \$ _____ immediately.
- ☐ This amount has been added to your loan/lease balance. Your periodic payment amount is hereby adjusted to \$ _____ per _____. Payments in this amount will continue during the insurance coverage period, which ends on _____.

The advance shall accrue interest at the rate provided for in your agreement.