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August 25, 2014

Mr. Gerald Poliquin  
Secretary of the Board  
National Credit Union Administration  
1775 Duke Street  
Alexandria, Virginia 22314-3428

RE: Comments on Appraisals Availability to Applicants and Expanded Exemption; RIN 3133-AE36

Dear Mr. Poliquin,

The Georgia Credit Union League (GCUL) appreciates the opportunity to comment on the Proposal to amend Appraisals Availability to Applicants and the Expanded Exemption. As a matter of background, GCUL is the state trade association and one member of the network of state leagues that make up the Credit Union National Association (CUNA). GCUL serves approximately 137 Georgia credit unions that have over 2 million members. This letter reflects the views of our Regulatory Response Committee, which has been appointed by the GCUL Board to provide input into proposed regulations such as this.

GCUL generally supports the proposed rules.

Currently, under Section 701.31(c)(5) of the NCUA's Rules and Regulations, federal credit unions ("FCUs") are required to make available, upon request, a copy of any appraisal used in connection with a member's real estate related loan application. However, due to recent amendments to Regulation B, this requirement is now at least partially redundant.

Previously, FCUs were exempted from Section 1002.14 of Regulation B, which requires that applicants be provided a copy of any appraisal or other written valuation developed in connection with an application for credit to be secured by a first lien. As a result of rule changes to Regulation B, this section now applies to all creditors, including FCUs.

Because of the overlap in rules, NCUA is proposing to revise its rule to make it applicable to only those real estate related applications that will be secured by a subordinate lien. In the event the rule is finalized as proposed, credit unions should be prepared to comply as follows:

- All credit unions are required to provide a copy of any appraisal or other written valuation developed in connection with an application for credit to be secured by a first lien on a dwelling. The copy must be provided upon the earlier of: i) promptly upon completion; or ii) three business days prior to closing.
- Upon request, FCUs must make available to the member a copy of any appraisal used in connection with an application for credit to be secured by a subordinate lien.

We believe that the appraisal should only be available to the property owner as sometimes co-makers are not also property owners.

Part two of the proposed rule seeks to establish consistency between credit unions and other banking agencies as to when an appraisal is required in connection with a real estate related transaction. Currently, Section 722.3(a)(5) of the NCUA's rules and regulations requires that an appraisal be completed on every real estate related transaction unless one of nine exceptions applies. NCUA is proposing to amend the language of the following exception by replacing AND with OR.

*The transaction involves an existing extension of credit at the credit union, provided that:*

- *There is no advancement of new monies, other than funds necessary to cover reasonable closing costs;*  
*AND*
- *There has been no obvious and material change in market conditions or physical aspects of the property that threatens the adequacy of the credit union's real estate collateral protection.*

Most other banking agencies qualify for an exception to the mandatory appraisal requirement by satisfying either requirement, not both. The proposed rule would provide parity and permit a federally insured credit union to refinance or modify a real estate related loan, without having to obtain an appraisal, if there is no advancement of new money or if there is adequate collateral protection even with the advancement of new money. As this change would make NCUA's rule more consistent with other federal banking agencies, we support this rule change.

The last rule change would make a technical amendment to the definition of "application." We believe that this technical change would keep the rule uniform between NCUA's rules and Regulation B, and therefore support the proposed rule.

Ultimately, Georgia credit unions feel NCUA's proposed rules will help keep the cost and time down for modifications, which will benefit their members.

GCUL appreciates the opportunity to present comments on behalf of Georgia's credit unions. Thank you for your consideration. If you have questions about our comments, please contact Selina Gambrell or Cindy Connelly at (770) 476-9625.

Respectfully submitted,

A handwritten signature in black ink that reads "Selina M. Gambrell". The signature is written in a cursive style with a large initial 'S'.

Selina M. Gambrell

Compliance Specialist