

BOARD ACTION MEMORANDUM

TO: NCUA Board

DATE: September 12, 2018

FROM: Office of Examination and Insurance 
Office of the General Counsel 

SUBJ: Part 722 - Appraisals

ACTION REQUESTED: NCUA Board approval to issue the attached notice of proposed rulemaking to update Part 722 — Appraisals of NCUA rules and regulations.

DATE ACTION REQUESTED: September 20, 2018

BUDGET IMPACT, IF ANY: None

SUBMITTED TO INSPECTOR GENERAL FOR REVIEW: No

RESPONSIBLE STAFF MEMBERS: Larry Fazio, Director Office of Examination and Insurance; Jeffrey Marshall, Program Officer, Division of Capital & Credit Markets; and Rachel Ackman, Staff Attorney, Office of General Counsel

SUMMARY: The notice of proposed rulemaking proposes to amend the agency's regulation requiring real estate appraisals for certain transactions. The proposed rule would accomplish four objectives. First, the proposed rule would increase the threshold below which appraisals would not be required for non-residential real estate transactions from \$250,000 to \$1,000,000. For non-residential real estate transactions that would be exempted from the appraisal requirement as a result of the revised threshold, federally insured credit unions would still be required to obtain a written estimate of market value of the real estate collateral that is consistent with safe and sound lending practices.

Second, the proposed rule would restructure §722.3 of the NCI-JA's appraisal regulation to clarify its requirements for the reader. The NCUA's intent is to more clearly indicate for the reader when a written estimate of market value, an appraisal conducted by a state-licensed appraiser, or an appraisal conducted by a state-certified appraiser is required for a real estate related financial transaction.

Third, the proposed rule would, consistent with the Economic Growth, Regulatory Relief, and Consumer Protection Act, exempt from the NCUA's appraisal regulation certain federally related transactions involving real estate where the property is located in a rural area, valued below \$400,000, and no state certified or licensed appraiser is available.

Finally, the proposed rule would also make certain conforming amendments to the definitions section.

RECOMMENDED ACTION: NCUA Board issue the notice of proposed rulemaking for a 60day comment period.

ATTACHMENT: Notice of Proposal Rulemaking