



**National Association
of Federal Credit Unions**
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Arlington, VA 22201-2149

NAFCU | Your Direct Connection to Education, Advocacy & Advancement

September 9, 2013

Gerard Poliquin
Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314-3428

RE: Proposed Rule on Exemptions to Appraisal Requirements for Higher-Priced
Mortgage Loans

Dear Mr. Poliquin:

On behalf of the National Association of Federal Credit Unions (NAFCU), the only trade association that exclusively represents federal credit unions, I am writing you regarding the National Credit Union Administration's (NCUA) proposed rule on exempt transactions from recently-issued appraisal requirements for "higher-priced mortgage loans." *See* 78 Fed. Reg. 48548 (August 8, 2013).

The proposed rule would amend an interagency final rule (HPML Appraisal Rule), issued on January 18, 2013, that will require credit unions to obtain and provide copies of appraisals of the property to which the mortgage relates. The final rule was issued by the NCUA, along with the Consumer Financial Protection Bureau, Office of the Comptroller of the Currency, Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, and the Federal Housing Financing Agency (the Agencies). The proposed rule would add to the list of exempt transactions so that the rule's appraisal requirement would not apply to: (1) transactions secured by existing manufactured homes and not land; (2) certain "streamlined" refinancings; and (3) transactions of \$25,000 or less.

NAFCU supports the proposed rule's expansion of exempt transactions. As the NCUA and the CFPB know, we have consistently expressed our concerns related to compliance burden and costs associated with the many mortgage-related rules that have been prescribed in 2013. We believe the litany of new regulations, contained both in the HPML Appraisal Rule and the other CFPB mortgage rules, must be carefully reviewed and significantly curtailed. The proposed rule is a step in the right direction.

While we support the proposal, we ask that the Agencies modify a few aspects. First, we strongly urge the Agencies to reconsider the proposed definition of “business day.” As proposed, the term would mean:

“all calendar days except Sundays and the legal public holidays specified in 5 U.S.C. 6103(a), such as New Year’s Day, the Birthday of Martin Luther King, Jr., Washington’s Birthday, Memorial Day, Independence Day, Labor Day, Columbus Day, Veterans Day, Thanksgiving Day, and Christmas Day.”

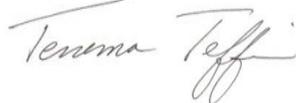
Proposed § 1026.43. Notably, under the proposal, Saturdays would be considered a business days. One of the Agencies’ reasons for the proposed change to the definition is to make it consistent with the CFPB’s proposed rule for combined mortgage disclosures under Truth in Lending Act (TILA) and the Real Estate Settlement Procedures Act (RESPA).

As we have previously indicated in our communications to the CFPB, including in our November 6, 2013 comment letter on combined mortgage disclosures under TILA and RESPA, most credit unions’ back office operations are closed on Saturdays. Including Saturday as a business day would undoubtedly increase an already steep regulatory burden on credit unions. We strongly urge the Agencies, thus, to expressly exclude Saturday from the definition of the term as applied not only to the HPML appraisal provisions but also to those provisions related to the upcoming TILA-RESPA combined disclosure rules.

Next, we ask that the Agencies increase the dollar amount thresholds for the exemption for loans of \$25,000 or less. NAFCU agrees with the Agencies that the exemption would benefit both the credit needs of consumers and risk-spreading abilities of creditors. Additionally, we agree that the dollar amount is indexed to inflation. However, we believe the actual dollar amount is too low and ask the Agencies to significantly increase the amount.

NAFCU appreciates the opportunity to share our thoughts on the proposed rule. Should you have any questions or require additional information please call me at (703) 842-2268.

Sincerely,



Tessema Tefferi
Senior Regulatory Affairs Counsel