

August 25, 2014

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

Re: Appraisals—Availability to Applicants and Requirements for
Transactions Involving an Existing Extension of Credit, 12 CFR Parts
701 and 722, RIN 3133-AE36

Dear Mr. Poliquin:

This comment letter represents the views of the Credit Union National Association (CUNA) regarding the proposed rule of the National Credit Union Administration Board on appraisal requirements. By way of background, CUNA is the largest credit union advocacy organization in this country, representing state and federal credit unions, which serve over 100 million members.

CUNA generally supports the proposed rule on appraisal requirements to reduce regulatory burdens for credit unions and to make certain technical changes. We appreciate that NCUA has incorporated our recommendations on appraisal requirements from our 2013 regulatory review comment letter.

In particular, we support the proposed change to eliminate the agency's requirement that federal credit unions provide a copy of an appraisal used in connection with a member's application for any loan secured by a first lien on a dwelling when requested by a member/applicant. NCUA's current rule overlaps with requirements in Regulation B, Equal Credit Opportunity Act, implemented by the Consumer Financial Protection Bureau (CFPB).

Under NCUA's proposal, the agency's appraisal requirements would only apply to loans secured by a subordinate lien and a copy of the appraisal used in connection with the application would be supplied to the member/applicant just when requested by the member. Federal credit unions would still be subject to the CFPB's requirement under Regulation B that creditors must provide applicants with free copies of appraisals and other written evaluations in connection with an application for a loan secured by a first lien, regardless of whether the applicant requests a copy of the appraisal.

NCUA's proposal would exempt transactions that involve an existing extension of credit at the lending credit union as long as there is no advance of new monies, except to cover closing costs, or there has been no material change in market conditions that would threaten the credit union's real estate collateral. This proposed change would make NCUA's appraisal rule more consistent with the federal bank regulators' approach. CUNA supports this change.

However, we request that NCUA's final rule clarify that the "written estimate of market value" required for exempt transactions be satisfied by an estimated market value based on an automated valuation model (AVM). This change would be consistent with the 2010 Federal Financial Institutions Examination Council's (FFIEC's) interagency appraisal and evaluation guidelines.

The proposed rule would make technical amendments to the definition of "application" to align NCUA's definition with the CFPB's definition under Regulation B. We believe these technical changes would be helpful to credit unions as they would no longer have to be concerned with two different regulations and promote consistency between the two regulations.

Thank you for the opportunity to comment on this proposal. If you have any questions concerning our letter, please feel free to contact CUNA SVP and Deputy General Counsel Mary Dunn or me at (202) 508-6733.

Sincerely,

A handwritten signature in blue ink that reads "Dennis Tsang". The signature is fluid and cursive, with the first name "Dennis" and last name "Tsang" clearly legible.

Dennis Tsang
CUNA Assistant General Counsel