



Submitted via email: [regcomments@ncua.gov](mailto:regcomments@ncua.gov)

Aug. 25, 2014

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

Re: Comment on Proposed Amendments to NCUA Appraisal Regulations  
RIN 3133-AE36

Dear Mr. Poliquin:

On behalf of Wisconsin's credit unions and their 2.4 million members, the Wisconsin Credit Union League welcomes the opportunity to comment on the National Credit Union Administration's (NCUA's) proposed appraisal regulation amendments.

We wholeheartedly support the NCUA's efforts to modernize its appraisal regulations and to ease the regulatory burden on our credit unions, though we ask that the NCUA clarify certain aspects of its proposal, to avoid uncertainty in the final rule.

#### Providing copies of appraisals

The first proposed change would eliminate the duplicative requirement for federal credit unions (FCUs) to make a copy of any appraisal used in connection with a member's real estate loan application available to that member upon request. That rule is no longer needed because of recent amendments to the Consumer Financial Protection Bureau's (CFPB's) Regulation B, which now requires all credit unions to share copies of all written valuations that they develop in connection with applications for closed-end loans or open-end lines of credit (i.e., HELOCs) secured by first liens on dwellings. The NCUA rule would continue to apply to loans secured by subordinate liens on dwellings – loans that the Reg. B rule does not cover.

The proposal is a sensible approach to the problem of regulatory redundancy. Anything that can be done to eliminate conflicting or duplicative regulations and to ease the regulatory burden on credit unions is a step in the right direction.

While we support this proposed amendment, we respectfully ask that the NCUA clarify certain aspects of the rule in its final form:

- The amendment would replace the term “real estate related loan application” with the term “application for a loan to be secured by a subordinate lien on a dwelling.” We ask the NCUA to clarify whether the amended rule will apply to loans secured by dwellings that are not real estate, such as mobile homes that are considered to be personal property. The definition of “dwelling” in NCUA Regs. §701.31(a)(2) is ambiguous in this regard. Reg. B §1002.14(b)(2) is explicit, stating: “The term ‘dwelling’ means a residential structure that contains one to four units whether or not that structure is attached to real property. The term includes, but is not limited to, an individual condominium or cooperative unit, and a mobile or other manufactured home.”
- The Reg. B rule applies whether the loan is for a consumer or business purpose. The CFPB’s Staff Commentary to Reg. B states:

Section 1002.14 covers applications for credit to be secured by a first lien on a dwelling, as that term is defined in §1002.14(b)(2), whether the credit is for a business purpose (for example, a loan to start a business) or a consumer purpose (for example, a loan to purchase a home).

We ask the NCUA to clarify whether the amended rule will be limited to consumer loans or will require FCUs to make copies of appraisals available for dwelling-secured, subordinate lien, business purpose loans, as well.

- Reg. B §1002.14(a)(1) says: “A creditor shall provide an applicant a copy of all appraisals and other written valuations developed in connection with an application for credit that is to be secured by a first lien on a dwelling.” The NCUA rule does not refer to other types of valuations and does not define the term “appraisal.” We ask the NCUA to consider revising the final rule to clarify whether it applies to valuations methods other than appraisals.
- The CFPB’s Staff Commentary to Reg. B provides an exception for renewals. It states:

Section 1002.14(a)(1) does not apply to the extent a creditor uses the appraisals and other written valuations that were previously developed in connection with the prior extension of credit to evaluate the renewal request.

We ask that the NCUA provide similar clarification, so that credit unions are not burdened by having to provide a duplicate copy of an appraisal that is subsequently used to evaluate a renewal request for a subordinate-lien loan.

### Appraisal exemption

The second proposed change would amend NCUA Regs. §722.3, by expanding the current exemption for appraisals on certain transactions involving existing extensions of credit. Federally insured credit unions (FICUs) would be able to refinance or modify a real estate-related loan the FICU holds without having to obtain an appraisal, if there is no advancement of new monies or (rather than “and,” as the rule now reads) if there has

been no obvious or material change in market conditions or physical aspects of the property, even with the advancement of new monies.

This simple change – replacing the word “and” with “or” – will make the NCUA rule parallel with the appraisal rules of other federal financial institution regulators. The change will benefit both credit unions and members. Credit unions will be able to modify real estate-related loans more easily so they can better assist borrowers, with lower costs and faster processing times. In addition, providing parity with bank regulations will improve credit unions’ positions in a competitive mortgage lending market. We strongly support this “win-win” amendment.

In summary, we appreciate the NCUA’s work in modernizing and streamlining its regulations. These amendments will help to ease the heavy compliance burdens credit unions bear, while at the same time benefiting members. We encourage the NCUA to continue looking for ways to improve its regulatory framework.

Thank you.

Sincerely,

A handwritten signature in black ink, appearing to read "Paul Guttormsson", with a long horizontal flourish extending to the right.

Paul Guttormsson  
Regulatory Counsel & Director of Compliance Services  
The Wisconsin Credit Union League