



**National Association
of Federal Credit Unions**
3138 10th Street North
Arlington, VA 22201-2149

NAFCU | Your Direct Connection to Education, Advocacy & Advancement

August 25, 2014

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

RE: Comments on Proposed Rule regarding Appraisals – Availability to Applicants and Requirements for Transactions Involving an Existing Extension of Credit.

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 regarding the proposed rule on Appraisals - Availability to Applicants and Requirements for Transactions Involving an Existing Extension of Credit recently issued by the National Credit Union Administration (NCUA). NAFCU appreciates that NCUA has proposed to remove a duplicative regulation regarding appraisals, and provide credit unions with regulatory relief.

We brought this specific issue regarding appraisals to the agency's attention in our comment letters for the 2013 NCUA Regulatory Review and the proposed minimum requirements for appraisals management companies. This issue has also been part of NAFCU's "Dirty Dozen" list of regulations to eliminate or amend since its inception. NAFCU appreciates NCUA reviewing its regulations and removing or amending duplicative rules. Given the deluge of regulations that credit unions face, NCUA should leave no rock unturned in its search for safe common sense regulatory relief.

§ 701.31(c)(5)

Currently, under the Consumer Financial Protection Bureau's (CFPB's) final appraisal rule, which became effective on January 18, 2014, credit unions are required by Regulation B to provide an applicant a copy of all appraisals and other written valuations developed in connection with an application for credit that will be secured by a first lien on a dwelling. However current NCUA's Rules and Regulations also impose a duty on federal credit unions

(FCUs) to make, at the request of the member, copies of appraisal used for that member's real estate-related loan application available for up to 25 months. *12 CFR 701.31(c)(5)*.

NAFCU continues to hear from its members that these inconsistent requirements present a burden on credit unions. As NAFCU outlined in its "Dirty Dozen" list of regulations to eliminate or amend, NAFCU and its members believe that these requirements are unnecessarily duplicative and burdensome on credit unions, and provide little to no benefit for credit union members given the CFPB's appraisal final rule.

The proposed rule would narrow the scope of § *701.31(c)(5)* to only require FCUs to make available, to any requesting member/applicant, a copy of the appraisal used in connection with the member's application for a loan to be secured by a subordinate lien on a dwelling. This change is greatly appreciated by NAFCU and its members.

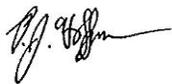
§ 722.3(a)(5)

Currently, §722.3(a)(5) parts (i) and (ii) do not require an appraisal when a credit union is modifying or renewing an existing extension of credit when two conditions are present: 1) when there are no new funds advanced beyond normal closing costs, and 2) when 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 collateral protection. Other banking agencies regulations and the December 2010 *Interagency Appraisal and Evaluation Guidelines* allow other financial institutions to select between these two conditions. NAFCU has been advocating for this change and is encouraged to see the agency implement this recommendation because the current regulation sets a standard that is stricter than other regulatory agencies and puts credit unions members at distinct disadvantages to banks consumers.

We encourage NCUA to continue to working on issues outlined in NAFCU's "Dirty Dozen" list of regulations to eliminate or amend. This includes working with other regulators such as the CFPB and Federal Reserve when their regulations affect credit unions. NAFCU is committed to working with NCUA to provide meaningful relief from unnecessary and burdensome regulations for credit unions.

NAFCU appreciates the opportunity to comment on this proposed rule. If you have any questions or concerns, please feel free to contact me at pjhoffman@nafcu.org or (703) 842-2212.

Sincerely,



PJ Hoffman
Regulatory Affairs Counsel