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November 27, 2018

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

Re: RIN: 3133-AE79
Real Estate Appraisals

Dear Mr. Poliquin:

Eastman Credit Union (ECU) is a federally insured Tennessee state chartered credit union that serves over 219,000 members. ECU is a low-income designated credit union serving parts of Appalachia in Northeast Tennessee and Southwest Virginia as well as two counties in Northeast Texas. ECU has been serving members with business and commercial loans since 2004. We appreciate the opportunity to provide comments to the National Credit Union Administration (NCUA) on the proposed amendments to its Real Estate Appraisals regulation.

Support of Proposal

ECU welcomes the review of NCUA Part 722. As evidenced by the final rule published April 9, 2018 by the Office of the Comptroller of the Currency, Board of Governors of the Federal Reserve System and the Federal Deposit Insurance Agency (collectively the "Banking Agencies") at <https://www.federalregister.gov/documents/2018/04/09/2018-06960/real-estate-appraisals>, a higher threshold can be implemented as part of safe and sound lending practices and will provide regulatory relief.

ECU was granted appraisal requirements waivers in 2012 for certain non-profit borrowers and qualifying transactions up to one million dollars. Those waivers have been used to support and increase affordable housing opportunities in our service area. ECU does not object to removing §722.3(a)(9) as the higher threshold will still provide most of the permissions granted in the ECU waiver.

Recommendation for Inclusion by NCUA

ECU believes the methodology to determine the cut-off level should be consistent with industry practices and the Banking Agencies. Non-residential real estate transactions of \$1,000,000 should be exempt from the appraisal requirement and only transactions greater than \$1,000,000 should require an appraisal. We strongly encourage the exemptions levels be stated at an even dollar amount and below (e.g. \$1,000,000 or less) and the appraisal requirement begin at an amount greater than a stated exemption (e.g. Greater than \$1,000,000).

We also recommend a review by NCUA regarding the appraisal threshold for residential real estate loans. The Banking Agencies release of a Notice of Proposed Rulemaking on November 21, 2018 to increase the residential threshold to \$400,000 should be met with a similar response for credit unions. The Banking Agencies' Notice of Proposed Rulemaking can be found at <https://www.fdic.gov/news/news/financial/2018/fil18076.html>.

As noted in the NCUA proposal, consumer protections exist in other regulations that require an appraisal for covered residential transactions. However, there are other types of non-consumer transactions (i.e. business purpose) that could benefit from a higher residential threshold. Even certain types of disclosable consumer transactions such as non-cash out refinances could benefit from a higher threshold. A higher residential threshold would remove regulatory burdens, lower costs for certain transactions, and benefit borrowers. An increased residential threshold can be prudently implemented by responsible portfolio lenders such as ECU.

Summary

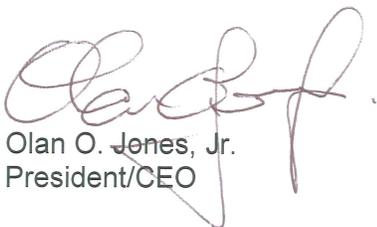
In conclusion, ECU supports:

- Increasing the threshold for non-residential real estate transactions from \$250,000 to \$1,000,000.
- Specifically stating all cut-off levels to be a whole number than is exempt and imposing the appraisal requirement for an amount "greater than" the exempt amount.
- Revisions to the structure and arrangement of the regulation with adoption of the rural area provisions.
- Consistent definitions and terminology to the other banking agencies as appropriate.
- Increasing the threshold for residential real estate transactions in parity with the proposed increase by the federal banking agencies.

ECU supports updating the appraisal regulation to remove barriers and increase access to affordable credit. We believe these revisions are consistent with safe and sound lending practices, will reduce regulatory burdens, and will benefit ECU members.

We sincerely appreciate the opportunity to provide input on NCUA's proposed rulemaking for Real Estate Appraisals. The effort by the NCUA staff is greatly appreciated.

Respectfully Submitted,



Olan O. Jones, Jr.
President/CEO



Thomas W. Kennedy
Director Business Services