

From: Richard Best
To: [Regulatory Comments](#)
Subject: Real Estate Appraisals
Date: Monday, December 3, 2018 1:59:55 PM

I am deeply concerned with the proposed rule to amend the NCUA regulation that would raise the threshold for credit unions' non-residential appraisal threshold from \$250,000 to \$1,000,000. As a 27-year professional in the commercial real estate appraisal field, I feel that this it would be taking an unnecessary risk. I have seen other similar changes that have in the past, led to significant losses to investors, shareholders, and to property owners. The reasons I strongly object to this proposed rule are as follows:

- I have a number of credit union clients throughout Central Florida. A majority of the potential fraud or misrepresentation that I have uncovered was found through the work I have done for credit unions. I have seen first-hand what mortgage brokers and property owners have done that could potentially harm a credit union. In these instances I was able to detect and report back to the client what I found, ultimately leading them to break away from a bad deal. The deals I am referring to were all below \$1 million in loan value.
- Loan officers employed with credit unions have a vested interest in loan volume and production. I have seen in countless instances the lack of care to properly underwrite a loan and to diligently protect the institution they are employed with and the one they represent. It's about the money, the bonuses, the job security to the loan officers.
- Loan officers come and go. I have seen heads of local credit unions who were terminated once the losses started appearing. It was too late by the time they were gone. Often times, their predecessor(s) would uncover a number of loans that were collateralized with properties that were unmarketable or tainted with any number of physical or functional problems that would not have occurred with more oversight. One example was a loan made on a tract of land. The borrower defaulted on the land. I was hired to appraise during the foreclosure process, and found that the lender ignored the fact that the site was land-locked and had no access. The loan originated without an appraisal.
- Appraisers do not simply opine to a value. We are your eyes and your ears. We visually inspect the property and we identify potential issues that you need to be aware of. It is likely that a preponderance of your loan make-up involves properties below \$1 million, and for that reason, it is short sided to think that an appraisal should not be necessary.
- Borrowers DO rely on appraisals we prepare for credit unions. They may not be the intended user, but they often find security and satisfaction knowing that their investment was examined by a third party (appraiser) to independently appraise their property.
- By nature, many (maybe most) property owners or buyers of commercial properties below \$1 million are simply not sophisticated in real estate matters.

I strongly object to the proposed rule, and I respectfully request that this correspondence be

considered by you and by the NCUA before making any decisions that could put unnecessary risk at your doorstep. I urge you not only to maintain the current threshold level at \$250,000, but to ensure that all appraisals below or above \$1 million be independently reviewed.

Thank you for your time and consideration.

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