

November 30, 2018

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

RE: Comments on Proposed Rule, Part 722, Real Estate Appraisals

Dear Mr. Gerald Poliquin,

Introductory paragraph:

I am writing on behalf of [Pearl Hawaii FCU], which serves [the community of the Island of Oahu]. We have [28,878] members and [\$370,523,982] in assets. [Pearl Hawaii FCU] appreciates the opportunity to provide comments to the National Credit Union Administration (NCUA) on its proposed rule regarding real estate appraisals.

Letter Body:

Do you agree with the proposal to increase the threshold at which non-residential real estate-related financial transactions are exempt from appraisal requirements from \$250,000 to \$1 million? Why, or why not? [Part 722.3(b)(1)]

Yes. The proposal places a reasonable threshold for appraisal requirements on non-residential related financial transactions. Such change defines the requirements between residential and non-residential and should adequately reflect industry practices.

Do you agree with the proposed exemption for existing extensions of credit, linking the definition of a new loan to Generally Accepted Accounting Principles? Or, should the current language in the regulation be maintained? Please explain your preference. [Part 722.3(a)(1)]

Yes. the proposed exemption for existing extensions of credit linking the definition of new loan to GAAP should provide clarity as opposed to the current definition where there could be some subjectivity based on the reader's interpretation.

The NCUA proposes that residential real estate transactions require an appraisal when \$250,000 or more of the transaction value is not insured or guaranteed by a U.S. Government agency or sponsored agency. How, if at all, will your credit union's current use of a U.S. Government agency's or sponsored agency's insurance or guarantee program(s) be affected by the proposal? [Part 722.3(b)(2) and §722.3(c)(1)]

The proposal would not affect our credit union. Proposed changes are in line with current practices.

Any real estate-related financial transaction must be supported by a written estimate of market value unless it is: (i) fully insured or guaranteed by a U.S. Government agency or sponsored agency, (ii) otherwise exempt, or (iii) an appraisal was obtained. Should the Board implement a de minimis dollar amount at which transactions would be exempt from the requirement of obtaining a written estimate of market value? For example, if the uninsured or unguaranteed dollar amount is below a de minimis threshold amount, such as \$50,000, should the transaction be exempt from written estimate of market value requirements? If so, what level is appropriate? [Part 722.3(d)]

The Board should implement a de minimis dollar amount at which transactions would be exempt from the requirements of obtaining a written estimate of market value. The appropriate level should be consistent with requirements such as Higher Price Mortgage Loans and adjusted annually (if necessary) by a corresponding index.

Do the proposed changes to restructure Part 722.3 achieve the intended goal of clarifying the types of transactions that require a written estimate of market value, an appraisal conducted by a state-licensed appraiser, or an appraisal conducted by a state-certified appraiser? Do you have recommendations on how to better clarify the requirements?

Yes. The proposed changes do provide clarity to the requirements and would provide positive changes for the industry.

Should the NCUA consider increasing the current \$250,000 threshold for 1-to-4 family residential transactions, consistent with consumer protection, safety and soundness, and reduction of unnecessary regulatory burden? Why, or why not?

We believe that the current \$250,000 threshold is reasonable and provides the necessary protection for all parties.

Are there other factors that should be considered in evaluating the current \$250,000 threshold for 1-to-4 family residential transactions?

Region based thresholds should be evaluated as it could potentially require threshold adjustments based on corresponding housing markets in the country.

Summary of your position:

[Write the summary of your position here.]

Closing paragraph:

Thank you for the opportunity to comment on the proposed rule regarding real estate appraisals and for considering our views.

Sincerely,

Gordon Sam  
Board Chairperson  
Pearl Harbor FCU

cc: CCUL