

December 3, 2018

VIA EMAIL

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

Re: Real Estate Appraisals; RIN 3133-AE79

Dear Secretary Poliquin,

The Wisconsin Bankers Association (WBA) is the largest financial trade association in Wisconsin, representing approximately 230 state and nationally chartered banks, savings and loan associations, and savings banks. WBA appreciates the opportunity to comment on the National Credit Union Administration (NCUA's) notice of proposed rulemaking to amend its requirements for real estate appraisals.

NCUA has proposed to quadruple the threshold level at or below which appraisals would not be required for commercial real estate transactions from \$250,000 to \$1,000,000. This increase is grossly out of proportion to the threshold levels adopted by NCUA's companion agencies, creating a competitive advantage over the banking industry. WBA urges NCUA to consider its proposed rule in the context of the broader financial services industry and adopt standards that are consistent with the rest of the financially regulated institutions as a member of the Federal Financial Institutions Examination Council (FFIEC).

On April 9, 2018 the Office of the Comptroller of the Currency (OCC), Board of Governors of the Federal Reserve System (FRB), and Federal Deposit Insurance Corporation (FDIC) issued a joint final rule increasing the threshold level at or below which appraisals are not required for commercial real estate transactions from \$250,000 to \$500,000 in response to the Economic Growth and Regulatory Paperwork Reduction Act. Given the dramatic increase between NCUA's proposed rule and its sister agencies, WBA is concerned with the market distortion the proposed rule will create. WBA is not opposed to NCUA increasing the threshold, but urges NCUA to join the prudential banking regulators in proposing consistent standards.

The FFIEC exists to prescribe uniform principles and standards and promote uniformity in the supervision of financial institutions by the FRB, FDIC, OCC, and NCUA. Additionally, the Financial Institutions Reform, Recovery, and Enforcement Act was enacted to require that federally regulated financial institutions, including credit unions, use state certified or licensed appraisers to perform appraisals to foster a safe and sound housing market through standardized regulatory oversight. NCUA's disparate proposal undermines FFIEC's intent to subject all charters to the same standards.

Furthermore, WBA does not believe that, as NCUA has proposed, transactions that are fully or partially guaranteed by a U.S. government agency should qualify for exemption from the requirement for an appraisal or a written estimate of value. These loans also certainly have varying degrees of risk associated with them which ultimately is borne by taxpayers since they

are government guaranteed. Not only would this change, which doesn't appear to be supported by a valid business purpose, provide yet another competitive advantage for those institutions regulated by the NCUA, but it also seems inconsistent with prudent risk management. Requiring an appraisal or a written valuation on such loans provides a better indication of the value of the collateral, which is consistent with prudent safety and soundness standards designed to protect the economy.

In conclusion, NCUA's proposed rule will create inconsistent practices and polarize industry methods. Consistency is critical to maintaining equal lending standards and fostering equal credit opportunities through risk management criteria that supports a stabilized commercial real estate market. NCUA's proposed rule seems designed to create competitive advantages in the marketplace rather than further sound regulatory objectives.

Thank you for the opportunity to comment on this matter.

Sincerely,

A handwritten signature in black ink that reads "Rose Oswald Poels". The signature is written in a cursive, flowing style.

Rose Oswald Poels
President/CEO