



January 28, 2020

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

Re: Residential Real Estate Appraisals; RIN 3133-AE98

Dear Mr. Poliquin ,

The Ohio Credit Union League (OCUL) appreciates the opportunity to submit comments supporting the National Credit Union Administration's (NCUA) proposed rulemaking to increase the residential appraisal threshold from \$250,000 to \$400,000.

OCUL represents the collective interests of Ohio's 260 credit unions and their more than 3 million members. Of those 260 credit unions, 143 are federally-chartered; 68 state-chartered, federally-insured; and, 49 state-chartered, privately-insured. Thus, a supermajority of Ohio's credit unions relies on the NCUA to promulgate modernized rules that reflect the current landscape of the industry, while providing flexibility. OCUL appreciate the agency's commitment to examining cross-agency regulations, including this proposed real estate threshold increase, to determine whether credit union-specific regulation contributes to an efficient and sound operating environment.

An important contribution to an efficient credit union operating environment is appropriately establishing regulatory parity across similar governmental entities. In October 2019, federal banking agencies adopted an increase to residential real estate transaction threshold from \$250,000 to at or below \$400,000 for banks.¹ Offering credit unions residential appraisal threshold parity will level the regulatory playing field for mortgage lending, removing current regulatory hurdles and minimizing expenses associated with obtaining a mortgage that currently do not apply to banks. Without NCUA establishing parity with its federal banking counterparts, Ohio credit union members may pursue mortgage loans at other financial institutions who enjoy more regulatory flexibility, leading to a competitive disadvantage for credit unions in residential real estate transactions.

The credit union mortgage business continues to grow and strengthen year-over-year. During 2019 Q3, Ohio credit unions booked \$901.8 million in first mortgage loans with \$2.0 billion in first mortgages originated year-to-date, up 6.4% from 2018.² Despite steady growth, like NCUA, OCUL frequently hears from credit unions regarding the market scarcity of appraisers. In rural and suburban markets, the lack of appraisers forces credit unions to obtain real estate appraisals from firms outside of their market area which may result in greater cost and time delays. Out-of-market appraisers may also face challenges in producing accurate results as local appraisers generally have a deeper understanding of local conditions. Whether the scarcity of appraisers is due to liability concerns, competition related to apprentice hours, or population shifts, NCUA's





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proposal is a positive step towards addressing this issue as it would provide relief for credit unions to utilize alternative valuation methods.

Further, NCUA's proposal provides this valuation flexibility in that credit unions can still obtain a written estimate of market value prepared by qualified, competent, and independent individuals who use appropriate supporting information and are removed from the loan production and collection processes. It is important for the agency to promulgate rules which allow credit unions to adopt methods, techniques, and products that are most appropriate for their diverse membership, community, and locality. We encourage NCUA to empower credit unions further in this aspect of lending and risk mitigation.

In summary, we appreciate the opportunity to engage with NCUA and provide comments on the proposed increase to the current residential real estate appraisal threshold. We urge NCUA to strive for federal regulatory parity while also providing the flexibility for credit unions to alternatively manage lending risk and institutional safety and soundness. If you have further questions or would like to discuss OCUL's comments in more detail, please feel free to contact us at (800) 486-2917.

Respectfully,

Handwritten signature of Paul L. Mercer in black ink.

Paul L. Mercer
President

Handwritten signature of Emily C. Leite in black ink.

Emily C. Leite
SVP, Advocacy

¹ 84 Fed. Reg. 53,579 (Oct. 8, 2019).

² 3Q 2019 Quarterly Performance Report, Callahan & Associates, www.callahan.com.



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