



December 3, 2018

The Honorable J. Mark McWatters, Chairman
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314-3428

Dear Chairman McWatters,

On behalf of the North Carolina Chapter of The Appraisal Institute, I am writing to respectfully request that the National Credit Union Administration strongly reconsider the Proposed Rule on Real Estate Appraisals, including the proposal to increase the appraisal threshold level for non-residential loans to \$1 million, and the potential adoption of the rural appraisal exemption provisioned in the Economic Growth, Regulatory Relief, and Consumer Protection Act. We believe that both proposals would undermine the integrity of the financial system by circumventing appraisal requirements or potentially eliminating appraisals altogether, thus placing lending institutions, federal bank regulatory agencies, and taxpayers at significant risk.

In retrospect, the softening of appraisal requirements harkens to a time in the 1980s when the savings and loans failures created a collateral crisis due in large part to poorly-supported real estate appraisals in the era of lax valuation standards, or worst yet, the absence of appraisals altogether. A move to increase the threshold for non-residential loans and to exempt some rural residential loans, and subsequent reactionary proposals, would in effect rollback nearly thirty years of regulatory safeguards designed to protect the consumer, maintain integrity and transparency in the financial system, and mitigate collateral risk among lending institutions. In fact, we need look no further than the failed real estate loans of that era as a reminder of the importance of safety and soundness supported by professional valuations and rigorous appraisal standards.

On behalf of our nearly-600 members and appraisers throughout our state, but most importantly on behalf of all consumers, the North Carolina Chapter of the Appraisal Institute appreciates your consideration and strongly supports the reconsideration of these proposals.

Sincerely,

Joel G. Tate, SRA, NCAI President