

Dear NCUA:

I was surprised that Appendix C, Glossary of Terms, Appraisal Threshold reads: "An appraisal is not required on transactions with a transaction value of \$250,000 or less." In our part of Michigan, we rarely have requests for home mortgages over \$150,000. Nonetheless, we obtain appraisals in nearly every case. When we use an evaluation rather than an appraisal, to my knowledge the biggest difference is that the appraiser does not do a walk through of the house.

I'd be surprised if CU's nationwide are consistently lending \$250,000 or more on mortgages. I'm sure the homes may be worth more than \$250,000 but the exemption is based on the amount lent, not on the homes value. That allows a lot of leeway (risk) I'm uncomfortable with as a CU CEO. When people start buying these more expensive homes, they have no true estimation, quite often, other than an uneducated gut feeling, for the true value of their home or their neighborhood. They might say it is worth \$300,000 or \$400,000 and be way off target. An evaluation does not give me the peace I need for such a large loan.

I would suggest that the Appraisal Threshold be written to include a phrase something to the effect that "An appraisal is not required on transactions with a transaction value equal to the median or average selling price of homes in the Metropolitan Statistical Area (MSA) for some stated previous period, e.g. as of the previous quarter end, if need be rounded up to the nearest \$10,000; or a transaction value of \$100,000 whichever is greater.

I know that an appraisal needs to be evaluated differently in a declining market. I don't know if that requirement is specially stated for an evaluation.

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