



September 9, 2013

**VIA ELECTRONIC DELIVERY**

Mr. Robert deV. Frierson, Secretary  
Board of Governors of the Federal  
Reserve System  
20<sup>th</sup> Street and Constitution Avenue, NW.  
Washington, DC 20551  
[regs.comments@federalreserve.gov](mailto:regs.comments@federalreserve.gov)  
Docket No. R-1443, RIN 7100-AD90

Mr. Alfred M. Pollard, General Counsel  
Attention: Comments/RIN 2590-AA58  
Federal Housing Finance Agency  
Eighth Floor, 400 Seventh St., SW  
Washington, DC 20024  
[regcomments@fhfa.gov](mailto:regcomments@fhfa.gov)  
Docket No. RIN 2590-AA58

Ms. Monica Jackson, Office of the  
Executive Secretary  
Bureau of Consumer Financial Protection  
1700 G Street, NW  
Washington, DC 20552  
[www.regulations.gov](http://www.regulations.gov)  
Docket No. CFPB-2013-0020 or RIN  
3170-AA11

Legislative and Regulatory Activities  
Division  
Office of the Comptroller of the Currency  
400 7<sup>th</sup> Street, SW, Suite 3E-218  
Mail Stop 9W-11  
Washington, DC 20219  
[regs.comments@occ.treas.gov](mailto:regs.comments@occ.treas.gov)  
Docket ID OCC-2013-0009

Mr. Robert E. Feldman, Executive  
Secretary  
Attention: Comments/Legal ESS  
Federal Deposit Insurance Corporation  
550 17<sup>th</sup> Street, NW  
Washington, DC 20429  
[comments@fdic.gov](mailto:comments@fdic.gov)

**Re: Appraisals for Higher-Priced Mortgage Loans – Supplemental Proposal:  
FRB Docket No. R-1443, RIN 7100-AD90; CFPB Docket No. CFPB-2013-0020  
or RIN-3170-AA11; FHFA Docket No. RIN 2590-AA58; OCC Docket ID  
OCC-2013-0009.**

Dear Sirs and Madams:

The Wisconsin Bankers Association (WBA) is the largest financial trade association in Wisconsin, representing approximately 300 state and nationally chartered banks, savings and loan associations, and savings banks located in communities throughout the state. WBA appreciates the opportunity to comment on the proposed revisions to the appraisal requirements for higher-priced mortgage loans (HPMLs) under the Truth in Lending Act (TILA), as implemented by Regulation Z.

WBA supports the proposed definition of "business day" for purposes of the HPML appraisal delivery requirements, which is consistent with the proposed definition for purposes of the proposed combined mortgage disclosure timing requirements under

TILA and the Real Estate Settlement Procedures Act (RESPA). Consistency in these timing requirements will facilitate creditors' compliance with the rules and will reduce the number of separately timed disclosures provided to consumers. This may result in better awareness and understanding of such disclosures by consumers. The proposed definition of "business day" is also clearer than the existing definition that refers to the creditor's offices being open to the public for carrying on substantially all of its business functions. This will provide greater certainty for creditors as well as the valuable consistency in the timing of the delivery of required disclosures.

WBA commends CFPB's recognition that additional exemptions from the appraisal requirements for HPMLs will preserve consumers' access to credit and enhance the safety and soundness of lending institutions. WBA supports the proposed exemption for a transaction secured by an existing manufactured home that is not also secured by land. Existing manufactured homes may have experienced general depreciation and physical changes, making the property value more difficult to assess than a new manufactured home, and in turn, increasing the cost of an appraisal. The proposed exemption will preserve consumer access to HPML financing secured by manufactured homes - an important source of affordable housing. However, WBA opposes conditioning the exemption on the creditor providing an alternative valuation to the consumer. When a creditor extends a loan to a consumer secured by a used car, the creditor may obtain a valuation of the used car to ensure the loan is adequately secured, but the creditor is not required to share the valuation with the consumer in that context. Similarly, in WBA's view creditors should not be required to obtain and share an alternative valuation of an existing manufactured home when the credit transaction is secured by the existing manufactured home and not by land.

WBA also supports, in large part, the proposed exemption from the appraisal requirements for streamlined refinance transactions. As many of the current streamlined refinance programs offered by various government agencies do not consider the value of the property in determining the borrower's eligibility for the refinance, and such programs often function to allow the borrower to take advantage of historically low interest rates or to obtain payment relief, subjecting such transactions to the increased time and cost of the HPML appraisal requirements would reduce the programs' benefits to consumers. In addition to the existing government agency streamline refinance programs, several Wisconsin institutions may offer an interest-only or balloon payment loan in a workout arrangement, in order to help the borrower stay in his or her home. If the exemption does not apply to refinance transactions involving interest-only payments or balloon payments, these workout arrangements will be subject to the HPML appraisal requirements, adding time and expense to a process that must work quickly and efficiently to provide effective relief to the borrower. WBA therefore respectfully requests that the exemption apply to all streamlined refinance transactions, including those which involve interest-only payments and balloon payments in a workout arrangement.

WBA also supports the proposed exemption for extensions of credit of \$25,000 or less, as well as the proposed annual indexing of the specified dollar amount for inflation. Interior appraisals on transactions of smaller dollar amounts will significantly raise the total costs as a proportion of the loan, and the increased burden and expense for interior appraisals will not be outweighed by their marginal benefits. Imposing the HPML appraisal requirements to such transactions could hinder consumers' use of home equity loans of small dollar amounts for home improvement, educational expenses, or debt consolidation. As CFPB has stated within the proposed rule, consumers who seek

extensions of credit in amounts of \$25,000 or less are likely to have lower to moderate incomes, and may be less able to afford the additional financing costs that accompany an interior appraisal. Preserving access to this type of credit is in the public interest and will promote the soundness of financial institutions by allowing institutions to continue to spread risk over a variety of lending product offerings.

In order to avoid inconsistencies between the appraisal requirements under Regulation Z and existing interagency guidance, WBA requests that the Official Commentary to Regulation Z be modified to include clarification that an exemption from the Regulation Z appraisal requirements would also provide an exemption from appraisal requirements under other rules, such as the December 2010 Interagency Appraisal & Evaluation Guidelines. Without an official comment to this effect, it is possible that examiners may otherwise require an appraisal, despite a limited exemption under Regulation Z.

While the proposed exemptions will be helpful to creditors and will serve the public interest by preserving consumers' access to affordable credit, the continual amendments and clarifications to the mortgage reform rules issued to date makes the industry's process of preparing to comply with the various rules' requirements significantly more difficult. WBA respectfully, and strenuously, urges CFPB to extend implementation of each of the mortgage reform rules for a reasonable period not less than 18 months beyond the originally identified compliance dates, in order to facilitate the industry's compliance with the various rules.

Once again, WBA appreciates the opportunity to comment on this proposed rule.

Sincerely,

A handwritten signature in black ink, appearing to read "Rose Oswald Poels". The signature is fluid and cursive, with a large initial "R" and "P".

Rose Oswald Poels  
President/CEO