



September 13, 2017

The Honorable Mike Crapo
Chairman, Committee on Banking, Housing and Urban Affairs
534 Dirksen Senate Office Building
Washington, DC 20510

Dear Chairman Crapo:

The Appraisal Foundation Industry Advisory Council is comprised of industry valuation professionals who provide recommendations to the Appraisal Foundation on major issues pending before its independent Boards. We are writing to express concern about proposals being offered affecting the Appraisal Subcommittee (ASC) relative to potential elimination of the ASC or weakening of its oversight responsibilities.

As their Mission Statement reflects, the ASC serves an important role in providing federal oversight of state appraiser regulatory programs. It also provides a monitoring framework for the Appraisal Foundation and the Federal Financial Institutions Regulatory Agencies in their roles to protect federal financial and public policy interests in real estate appraisals utilized for federally related transactions.

The impact of sunseting the ASC or weakening its oversight responsibilities include:

- Sunseting the ASC is not in the best interest of promoting the public trust.
- Users of appraisal services rely upon the ASC's National Registry to identify appraisers who are eligible to perform appraisals in connection with federally related transactions. Loss of the National Registry would create a gap in necessary reference/validation information on eligible appraisers.
- Users of appraisal services rely upon the National Registry to identify appraisers with active disciplinary actions that may limit an appraiser's ability to appraise. Loss of the National Registry would create a gap in necessary reference/validation information on appraisers with disciplinary actions.
- Users of appraisal services rely upon the National Registry to identify appraisers who are Appraiser Qualifications Board (AQB) Compliant, having met The Real Property Appraiser Qualification Criteria as promulgated by the AQB on education, experience, and examination, when obtaining and/or maintaining a credential. Loss of the National Registry would create a gap in necessary reference/validation information on appraisers who are AQB compliant.

- Loss of ASC grants to The Appraisal Foundation that help defray costs of the Foundation relating to activities of its Appraisal Standards and Appraiser Qualifications Boards would put these vital organizations at risk.
- Consistency that can be had from a national oversight committee would be sacrificed.
- Increased risk due to the lack of a national oversight committee would result in elevated cost of credit.
- The loss of Appraisal Management Company (AMC) registry fees provided to the ASC would result in a loss of monies being redirected to the states in the form of grants that are vital to the support of the State Appraisal Board activities, enforcement and education.
- Structured collaboration between the Federal Financial Institutions Examination Council (FFIEC) and ASC on appraiser related issues would be jeopardized.

There are always opportunities for improvement but the current ASC system does work. Proposed enhancements within the ASC system could include:

- FBI background checks for Appraisers instead of state or territory level background checks.
- Creation of a standard definition of Federally Related Transaction (FRTs) that cannot be revised by the Federal Regulatory Agencies, which can create exceptions. The term Federally Related Transaction is currently defined in Title XI of FIRREA as “any real estate-related financial transaction which –
 - (A) a federal financial institutions regulatory agency or the Resolution Trust Corporation engages in, contracts for, or regulates; and
 - (B) requires the services of an appraiser.

If an expanded definition for an FRT is developed, and that definition excludes Government Sponsored Enterprise (GSE) mortgage transactions, that a second definition be developed to define GSE transactions, such as Publically Securitized Transactions (PSTs). Once PSTs are given a definition, then the ASC or whichever regulatory body is given oversight, can determine if and when a regulated appraisal product is required. The Appraisal Foundation can then develop standards that may or may not be the same for FRTs and PSTs.

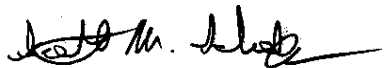
- Granting The Appraisal Foundation rule making and practices authority regarding Automated Valuation Models (AVMs) and the intersection of technology, field services and regulated appraisal practices.
- Develop a national portal for appraiser application documentation to ensure consistency.
- Promulgate national criteria / framework for appraisal practice reciprocity / portability across states and territories.
- Implement national licensure of appraisers being operated and controlled by the ASC.
- Include current appraiser “Trainees” on the ASC’s National Registry to assist users of appraisals in authenticating appraisers who a) may be preparing appraisal reports with a supervisory appraiser, or b) are recognized in appraisal reports when providing assistance to another appraiser.

In conclusion, we believe the ASC plays a vital role in the real estate appraisal industry and any discussions regarding elimination of the ASC or reducing its oversight responsibilities is not in

the best interest of the appraisal profession or the consumers of appraisal services who rely upon the ASC to promote the public trust in the appraisal industry. In contrast, we welcome and encourage discussions regarding more enhancements to the ASC system in order to further their important mission.

If you need additional information and to discuss this issue further, please contact Arika Cole, Board and Councils Program Manager at (202) 624-3072 or via email: arika@appraisalfoundation.org.

Sincerely,

A handwritten signature in black ink, appearing to read "Scott M. Schafer", with a long horizontal flourish extending to the right.

Scott Schafer
Chair, The Appraisal Foundation Industry Advisory Council

Enclosure: List of The Appraisal Foundation Industry Advisory Council Organizations



The Appraisal Foundation

Authorized by Congress as the Source of Appraisal Standards & Appraiser Qualifications

The Appraisal Foundation Industry Advisory Council:

FOR-PROFIT ORGANIZATIONS

ACI

Allstate Appraisal

AVMetrics

Axis Appraisal Management Solutions

Bank of America

Butler Burgher Group

CBRE

Colliers International Valuation

CoreLogic | FNC

CU Appraisal Services

Cushman & Wakefield

Eagle Home Mortgage

Forsythe Appraisals

Genworth Mortgage Insurance Corporation

HouseCanary

JLL Valuation and Advisory Services

JPMorgan Chase

Lowery Property Advisors

Morgan Stanley Mortgage Capital

Mortgage Information Services

National Association of Jewelry Appraisers

OnCourse Learning

PCV Murcor Real Estate Services

PNC Bank

Property Sciences Group

Pro-Teck Services

Prudential Financial

Rels Valuation

Servicelink

Solidifi

Stewart Valuation Services

Title Source, Inc.

Valuation Vision

Weichert Workforce Mobility

Wells Fargo Bank

William Fall Group