

March 12, 2018

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

Dear Chairman Crapo:

The undersigned organizations write to thank you for including several clarifying provisions relating to rural residential appraisals to Section 103 of S. 2155, the *Economic Growth, Regulatory Relief, and Consumer Protection Act* in the Substitute Amendment. These provisions will help ensure that banks make a good faith effort to place the appraisal with local market appraisers, consistent with the bill's intent.

We understand the intent of Section 103 is to exempt a bank from existing appraisal requirements where the bank has difficulty placing the assignment with a local appraiser. In that sense, the bill is not an outright exemption – but an allowance - relating to rural residential appraisals. Specifically, the bill provides an appraisal exemption to residential mortgage loan originators if the bank has attempted to place the appraisal assignment with at least three appraisers. The bill is applicable to primarily residential loans held in portfolio where the loans generally are prohibited from being sold or transferred. However, without further clarifying provisions, we believe the provision could be used inappropriately by banks to avoid fundamental risk management requirements altogether, for example, by attempting to contract with out of market appraisers, or presenting unreasonable or below market assignment conditions or requests.

Reducing appraisal requirements increases risks to the taxpayers, who stand behind FDIC-insured institutions. We too have concerns with the business and regulatory environment for appraisers, which is the primary issue contributing to problems that many banks are complaining about today. To this point, we encourage the Committee on Banking to examine adherence to existing safety and soundness regulations by financial institutions and the underlying business and regulatory environment of real estate appraisers, finding ways to make the appraisal regulatory structure more efficient and attractive to the next generation of appraisers.

We look forward to working with you and your colleagues as the bill is considered by the House of Representatives this year.

Sincerely,

American Society of Appraisers
American Society of Farm Man. & Rural Appraisers
Appraisal Institute
Appraisers Coalition of Washington
Association of Texas Appraisers
Coalition of Appraisers in Nevada
Coalition of Arizona Appraisers
Coalition of Pennsylvania Real Estate Appraisers
Colorado Association of Real Estate Appraisers
Columbia Society of Real Estate Appraisers, Inc.
Foundation Appraisers Coalition of Texas
Maryland Association of Appraisers
Massachusetts Board of Real Estate Appraisers
Michigan Coalition of Appraisal Professionals
Mississippi Coalition of Appraisers
National Association of Appraisers

National Association of Independent Fee Appraisers
New York Coalition of Appraiser Professionals
North Carolina Real Estate Appraisers Association
North Dakota Appraisers Association
Northern CO Association of Real Estate Appraisers
Ohio Coalition of Appraisal Professionals
Real Estate Appraisers Association
Real Estate Appraisers of Southern Arizona
Rhode Island Real Estate Appraiser Association
South Carolina Professional Appraisers Coalition
Professional Appraisers Assoc. of South Dakota
Tennessee Appraiser Coalition
United Appraisers of Utah
Virginia Coalition of Appraisal Professionals
West Virginia Coalition of Appraisal Professionals