

Read into public comment at July 22, 2014 ASC Advisory Committee Meeting by Robert Witt, FHFA.



Federal Housing Finance Agency

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April 11, 2014

Mr. James Park, Executive Director
Appraisal Subcommittee
1401 H Street, N.W. Suite 760
Washington, D.C. 20005

Dear Mr. Park,

Thank you for meeting with the FHFA last month to discuss the Appraisal Subcommittee's (ASC) National Registry of appraisers. Over the past 20 years, the National Registry has proven to be an important tool for regulators, supervisors and their entities by providing a system of record to ensure that only State certified or licensed appraisers who are listed on this National Registry, and have currently valid certifications or licenses, are authorized under Federal law to perform appraisals in connection with Federally-related real estate transactions.

We would like to take this opportunity to raise your awareness of two limitations we have identified in the National Registry of appraisers. You informed us that State appraiser regulatory agencies submit appraiser information to the ASC at least monthly and, in doing so, this information keeps the National Registry current. While we believe this information is generally reliable, the first limitation noted is in reporting information on a monthly basis rather than in real-time. A monthly reporting cycle leaves a gap in States' reporting of appraiser status changes or disciplinary actions to the ASC. Consequently, when users of the National Registry attempt to verify an appraiser's status they are unable to determine appraiser eligibility with a high degree of certainty.

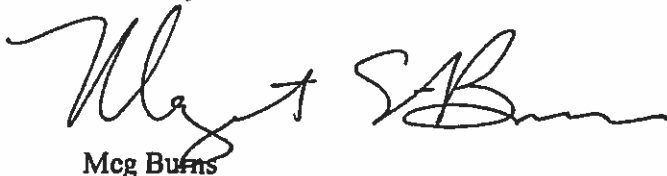
The second limitation stems from a lack of historical appraiser records retention by the ASC. Because appraiser eligibility is determined by an appraisal's effective date (the date in which the appraisal is signed by an appraiser, typically the date of inspection), it is important for users to be able to query the National Registry as of an appraisal's effective date, rather than the date the appraisal is received, which often varies by several months or longer. Currently, the National Registry does not retain historical appraiser records to enable this query.

FHFA is aware of the challenges the ASC faces in providing real-time and historical data queries because of reliance on State regulatory agencies' reporting capabilities and various limited resources at the State levels. However, we are also aware that States do retain historical appraiser records that are not required, collected or retained by the ASC.

As you know, the Agencies, which include FHFA, recently released a proposed rule titled; *Minimum Requirements for Appraisal Management Companies (AMCs)*, which will require participating States to develop and implement registration programs for these entities. This rule, when finalized, will necessitate development and implementation of a new AMC program by participating States with information from these activities flowing to the ASC similar to the data flow process for the existing National Registry of appraisers. The ASC will need to create a new database which includes a National Registry of AMCs. FHFA believes this presents an opportunity to incorporate real-time and historical records reporting capabilities into the National Registry of appraisers and the new National Registry of AMCs and provide for a necessary level of consistency between the two databases.

We encourage you to take advantage of the opportunity presented by the AMC final rule to also update the existing National Registry of appraisers database.

Sincerely,

A handwritten signature in black ink, appearing to read "Meg Burns". The signature is fluid and cursive, with a large initial "M" and "B".

Meg Burns
Senior Associate Director
Office of Housing and Regulatory Policy