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IMPORTANT POINTS ON FRT ISSUE

- The Banking Agencies' proposed reinterpretation of "federally related transaction" under Title XI – exempting 85 to 90 percent of all real estate related financial transactions from all of Title XI's protections – not only runs counter to Congressional intent and the long held understanding of public and private stakeholders, it contradicts the plain language of the 1994 Appraisal and Evaluation Guidelines upon which the agencies' base their reinterpretation.

- If allowed to stand, the impact of the banking agencies' reinterpretation would be far reaching: Mortgages guaranteed by FHA, VA, USDA Rural Housing Service would no longer be protected by Title XI's enforcement mechanisms (i.e., the state appraiser licensing agencies and the federal Appraisal Subcommittee). Neither would mortgage loans sold, or simply eligible for sale, to Fannie Mae and Freddie Mac. Absent Title XI's enforcement system, each agency would be forced to engage in their own enforcement program – a costly, time consuming, and duplicative effort that was never contemplated by Congress or the agencies under Title XI.

- Congress, through both the Housing and Economic Recovery Act of 2009 and the Dodd-Frank Act of 2010, demonstrated its own belief that Title XI was and is still a broad-based law intended to cover the vast majority of real estate related financial transactions. If it believed otherwise, and agreed with the banking agencies' position, then why would Congress spend the time and effort to enact legislation that extends Title XI to federal programs that the banking agencies now claim are outside the scope of the law? That just doesn't make sense.

- The 1994 changes to the Appraisal and Evaluation Guidelines underpinning the position taken by the banking agencies do not create a blanket exemption from all Title XI requirements. The exemptions cited only address instances where an agency has appraisal standards and appraiser qualification requirements that meet or exceed those imposed by Title XI, <u>but do not extend to Title XI's enforcement provisions</u>. If anything, these exemptions reinforce the view that federal agencies can continue to rely on Title XI's enforcement mechanisms.

- The banking agencies' actions related to redefining "federally related transaction" so as to exclude the vast majority of all real estate related financial transactions from Title XI's protections, in concert with their repeated increases in the de minimus dollar threshold (below which an appraisal is not required) and their interest in another round of increases, evidence their belief that they have unlimited statutory authority to repeal Title XI by administrative fiat; and, there intention to do so. In fact, the banking agencies do NOT possess any authority to exempt transactions from Title XI; and, their use of the limited authority they do have to adjust the de minimus threshold above its original $50,000 level has been seriously abused and deserves immediate Congressional scrutiny.