

Proposal: 1713(AF87) Real Estate Appraisals

Description:

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From: Space Hawk, LLC, Charity Colleen Crouse

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Subject: R-1713 Real Estate Appraisals

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Comments:

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Proposal: Regulation Y: Real Estate Appraisals [R-1713]

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Your comment: On Feb. 11, 2020, as reported currently (7:44 pm CST on May 14, 2020) on the U.S. House of Representatives Financial Services Committee website:

"Congresswoman Maxine Waters (D-CA), Chairwoman of the House Financial Services Committee, and Congressman Wm. Lacy Clay (D-MO), Chairman of the Subcommittee on Housing, Community Development and Insurance, sent a letter to the Comptroller General of the U.S. Government Accountability Office (GAO), requesting a comprehensive study on the implementation of Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA) by the relevant federal agencies."

Upon originally encountering a notice online regarding this action on May 2, 2020, I found "White Paper on the Federal Banking Agency's Arbitrary and Capricious Efforts to Exempt the Vast Majority of Federal Real Estate-Related Transactions from Title XI of FIRREA's Appraisal" by the National Association of Independent Fee Appraisers. Much of what is written on in this report is sensible and informative. It is important to acknowledge that a professional society such as this was attempting to inform people of important matters that were demonstrated to be on topic not only for the time but portentous of what was to come. Among the things that are relevant to the current situation for evaluation relative to what they discussed at the time are considerations of the following:

- a) Changes to the Department of Housing and Urban Development policy implemented since 2018 redefining terms regarding 10-year commitments and one-year guarantees for home repairs that may impact considerations regarding appraisals when it comes to potential resale;
- b) Numerous declarations of states of emergency that combined with changes to the federal flood plain management plan may impact the eligibility of certain homes in certain areas to qualify for appraisals per terms related to minimum sale amount to qualify under FIRREA; and
- c) Changes to terms on mortgages paying on the interest versus premium that have occurred concurrent to the above mentioned as was reported by the Office of the Comptroller of Currency

Semiannual Risk Perspective for Spring of 2015.

Concerns should be addressed regarding intentional efforts to privatize various federal agencies that were agreed to at high levels of the federal government since the passage of Presidential Executive Order 12866. This should be evaluated and considered as a reference point in determining the soundness of various policy changes regarding banking and mortgage service companies that have ALREADY been bailed out several times since the passage of the EO in one manner or another. It should also be considered regarding how current policy changes involving the banking and financial services sectors are influenced by and may prioritize focusing on corporate solubility over individual recharacterization akin to what was originally proposed as part of the Troubled Asset Relief Program. We cannot again permit for the value of individuals and previously de-emphasized communities to be appropriated to assist with offsetting losses accrued as a result of bad planning, prevention and implementation efforts or in the face of refusal to adhere to requirements concerning due diligence and disclosure about corporate financing activities.

A major area for consideration at this point necessarily must address the relationship between broadband access in general and broadband access in private homes. I believe these should be regarded in consideration of efforts in the last couple of years to challenge changes to the energy grid specific to Pennsylvania, California and Texas regarding the Smart Meter program. These have happened concurrent to efforts for more than eight years regarding implementation of the Housing and Economic Recovery Act (HERA). Specifically, in the last ten years we have seen how a lot of liability that was encoded into the overall financial system following the 2008 economic crisis impacted people in their own homes. Who provided the underwriting on what was the resultant determination of financeability for the individuals of concern?

Over-exaggeration of the effectiveness of or reliance on use of derivatives for leveraging can impact the quality of efforts to aggregate mortgages that are used in processes of securitization. This has been more widely implemented in public finance regimes in the last decade. There has been lax oversight and enforcement of efforts to address misrepresentations in larger-scale securities that I believe reflects lax oversight and enforcement of standards regarding underwriting for individual mortgages. This not only has a direct effect on matters related to provision of energy and healthcare, but I believe is reflective of comparable lax oversight and enforcement of abuses connected to provision of services connected to those sectors.

One way to address this practically is to consider fees charged for underwriting on mortgages and the processes and determinants involved with acquisition of an appraisal. As the Office of the Comptroller of Currency report implied in Spring of 2015, a period of time has come upon the United States wherein there are changes to payments for mortgages that had already been on the secondary mortgage market for a considerable amount of time. If there can be a means by which to begin to address potential mischaracterization before it enters the resale market, however, it will be more feasible to track how the resale of the mortgage could be impacted by bundling with things that have been improperly underwritten. A method could be to charge for the underwriting fee and then disaggregate it from other fees. This could enable the possibility for identifying it in accordance with proper credentialing. Through maintenance of a consistent system of verification of the credentialed entity, there is a possibility for maintaining the ability to assure the mortgage is likewise maintained. It could be comparable to processes regarding recommendations for regulatory reform connected to recent announcements regarding the Federal Aviation Agency or Federal Communications Commission. The role that credentials play is very important.

This can and should be considered specific to situations when there is a mischaracterization, including in regards to healthcare, that has been allowed to accrue as liability for lack of payment or debt associated with insurance payments. This precludes draw downs on insurance if there is a possibility for a reconsideration of another point of engagement with the financial system and its nexus of connectivity that could potentially accrue value for the individual as opposed to permitting the aggregation of debt for larger-scale leveraging. If distinguished transactions could be evaluated and used to identify points of vulnerability before they turn into a liability and instead accord an added value

to prevention after appropriate identification, there would be a way to reconcile systemic flaws that have been permitted to aggregate concurrently. Thus far refusing to maintain such a mindset of readiness and to award it has failed to prevent against the demand for default or calls for putting more debt on the public via the intervention of the federal government. Other areas could be more appropriately addressed to create safety and a value-added system.

The issuance of the Common Vulnerabilities and Exposures certifications that are supposed to be for technological infrastructure involve an alienation of people from the actual experience of how they are involved with the certificate's creation. This is done by the unacknowledged incorporation or inculcation of people's intangible property into instances of engagement or intersection with medical technologies that then are automated. This is not so different from other forms of alienation that permit the unacknowledged incorporation or inculcation of individual intangible property when it comes to engaging technology, including technology used in the home.

If there was a greater distinction and specificity around things like the identification of the credentialing that went into the potentially value-added contributions of a value-added product that can be aggregated, as for instance a mortgage is, then those would be areas that could be tracked and also securitized. Then if there is an allegation of fraud, impropriety, or graft, one would be able to identify it specifically in a disaggregated form so that the entirety of the aggregate is not exposed. One would be able to address that area and deal with it as appropriate. If necessary, there could be verification around any need for replacement that could be a quantifiable recharacterization. Credentials and certifications must be regularly verified; those who are credentialed and certified must be periodically retested. Those are all potentially value-added moments for whoever it is that hired or is utilizing the entities that are credentialed and is also a way to prevent fraud or malfeasance by being consistent in application of various standards.

The airline industry has been talking about such things for several years. There is a way to implement such a policy without violating company proprietary processes or undermining the credibility or legitimacy of a federal regulatory agency. There is also a way to do it that addresses the manners in which large-scale securities for facilities that use aggregated mortgages, such as municipal airports, can be distinguished and secured against inappropriate pooling or co-mingling. Proper credentials can make these transitional moments safe. This can additionally be something that informs appropriate considerations of underwriting standards and their applications in appraisals.

End 9:03 pm CST on May 14, 2020