



February 1, 2008

The Honorable Ben S. Bernanke
Chairman
Board of Governors
Federal Reserve System
20th Street & Constitution Avenue, NW
Washington, DC 20551

RE: Proposed Rule, Regulation Z, Truth in Lending

Dear Chairman Bernanke,

The Massachusetts Board of Real Estate Appraisers (MBREA) is writing on behalf of our approximate 600 members to express support for the proposed amendments to Regulation Z, as published in the January 9, 2008, Federal Register. Our support is for the proposed rule generally, but runs more specifically to Section 226.36(b)(1), (2) and (3), "Misrepresentation of value of a consumer's dwelling – (1) Coercion of Appraiser."

Our members have documented instances of attempted coercion by mortgage brokers and creditors that follow the patterns detailed in the Summary of Proposal published in the Federal Register. For example, one mortgage broker promised 5 appraisals a week to the appraiser who values a house at a pre-determined number. Another promised 15 to 20 appraisals a month for similar results. A third asked an appraiser to redo his report eliminating all reference to bedrooms that were still being constructed. In this instance, the mortgage broker wanted the appraiser to describe the property as 100% complete. Pressure, whether in the form of promised work, the threat of no work or withholding of payment, is present too frequently and is inappropriate at all times.

The appraisal profession is not blameless as too many credentialed appraisers have been willing to accept assignments on these and similar terms. We are working with state regulators to increase enforcement actions against appraisers who fail to adhere to professional standards.

At the same time, rule making that will act to curtail the frequency of pressure applied to appraisers serves to benefit all parties involved in residential mortgage lending. Lenders and investors will be better informed of their collateral's value, appraisers will operate in an appropriately independent environment and consumers will not be saddled with a loan that is based on a misrepresentation of the value of their home. It is for this reason that we strongly support Section 226.36(b)(1), (2) and (3), "Misrepresentation of value of a consumer's dwelling – (1) Coercion of Appraiser."

MBREA, founded in 1934 for the purposes of promoting the highest quality real estate appraisal services and improving business conditions in the real estate appraisal profession as a whole, is a professional association representing approximately 600 licensed and certified real estate appraisers in Massachusetts. We are the only state appraisal organization admitted as a sponsor of the Appraisal Foundation, where our members have served important roles in setting professional standards for appraisal practice as well as qualifications for licensure.

Please feel free to direct questions or comments to the undersigned.

Sincerely,

Stephen E. Sousa
Executive Vice President