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Email Content:

The recently announced new regulations for mortgages include a proposal to prohibit lenders from pressuring appraisers, which, in and of itself, is an admiral goal. However, the early 90's shift to certification of appraisers included a move to remove pressure from owners and developers by requiring the lender to hire the appraiser. That really did not work as well as it should have. Please consider a way to make the appraiser completely independent of anyone involved in the transaction. In addition, consider a specific requirement that the appraiser consider the mortgage terms when evaluating comparable sales (this could be difficult without a requirement that the lenders provide that information.) My research into the housing market in South Florida has led to a conclusion that appraisers ignored that part of the definition of Market Value which indicates "terms equivalent to cash." A reevaluation of many sales based on long term fixed mortgage rates as opposed to ARM teaser rates indicates that a significant part of the increase in prices from 2002 to 2005 was due to below market interest rates. If appraisers were required to consider the terms, many of the sales during that time would at least have been flagged.