

Proposal: 1639 (7100-AF30) Real Estate Appraisals

Description:

Comment ID: 133402

From: Mary T. Thompson

Proposal: 1639 (7100-AF30) Real Estate Appraisals

Subject: R-1639 - Real Estate Appraisals

Comments:

NONCONFIDENTIAL // EXTERNAL

Docket No. R-1639 and RIN 7100-AF30 - To the *Federal Reserve*
"FDIC" and "RIN 3064-AE87 - Real Estate Appraisals - To the* FDIC*
Real Estate Appraisals Docket ID OCC-2018-0038- To the *Treasury*
TO WHOM IT MAY CONCERN:

I would like to address the proposal..."rule to amend the agencies'
regulations requiring appraisals for certain real estate-related
transactions. The proposed rule would increase the threshold level at or
below which appraisals would not be required for residential real
estate-related transactions from \$250,000 to \$400,000".

I have read the entire proposal and there are many concerns which were
addressed. The one statement which I wholeheartedly disagree with is the
following: "However, the agencies also are aware that the cost and time of
obtaining an appraisal can, in some cases, result in delays and higher
expenses for both regulated institutions and consumers" * We are missing a
very important fact here. The average reasonable and customary fee for an
appraisal across the Country for a home in this price/lending point of
\$400,000 and below is roughly \$400,00. We are talking about 0.1% cost of
appraisal against loan amount of \$400,000. This is nothing in order to
preserve public trust and get a significant amount of data and analysis of
the market provided by the professional Appraiser. This small amount is
passed onto the consumer, yes, however this is a very realistic amount that
should be paid by someone entering into this large of a transaction and
paid by lenders/banks to protect their investments.*

*The other issues is many home buyers will unwittingly think that if the
appraisal is waived, the lender is saying the property is worth the price
they are paying. This is a very risky and false sense of reality. *

*There may be more time added to the loan process, but we are talking maybe
a few days. Lenders are pretty picky about time frames and if the Appraiser
does not produce a report in a timely fashion they will no longer receive
orders. The lender is responsible for getting that order to the Appraiser
in a timely fashion. Most lenders require a 5 working day turn time from
the date the order is received. This is not a big deal. If the order is
placed in a timely fashion delays that cost consumers will not happen!*

*As for the EVALUATION aspect. "*Under the proposal, residential real
estate transactions exempted by the proposed increase to a \$400,000
threshold would be required to obtain appropriate evaluations that are
consistent with safe and sound banking practices". *Y**ou are treading into
a very slippery slope here with consumers and sound banking practice. Other
non Appraisers would likely be completing these evaluations and again the
Consumer suffers as do the lending institutions. The consumers will think
they have an appraisal in hand rather than a true opinion of value from an
Appraiser. If you do have Appraiser's complete these reports, they have to

go through the same general process as an actual appraisal. The form is shorter but that is about it! Most lenders will require that they also follow USPAP and States also require this of Appraisers no matter what appraisal they are completing. Good luck finding COMPETENT Appraisers who will complete these reports for much less than an actual appraisal. The same liability exists for evaluations as for an Appraisal. Ever heard the saying "You get what you pay for?" Well in the case of an evaluation that is exactly what you will get. Something less than intended.*

*Lenders are trying to close more deals more quickly. While at first it may seem great for Consumers, it is not. Who wants to get into a home that is not worth it quicker? *

*Let's all take a step back for a minute. As for the threshold up to \$400,000, the amount of loans originated in this Country under this figure is huge. Many will involve first time home buyers given the increases in Real Estate values since 1994. First time home buyers need to be protected even more so than seasoned buyers. *

I DO agree with the following cited in the proposal: "The agencies concluded in the joint EGRPRA report to Congress (EGRPRA Report) (36) that a change to the current \$250,000 appraisal threshold for residential real estate transactions would not be appropriate at that time, citing three reasons: A limited impact on burden reduction due to appraisals still being required for the vast majority of these transactions pursuant to the rules of other federal government agencies and the GSEs; safety and soundness concerns; and consumer protection concerns. (37) However, the EGRPRA Report stated that the agencies would continue to consider possibilities for relieving burden related to appraisals for residential mortgage loans. (38)" Bottom line is the CONSUMER. Let us put them first in all aspects of this proposal, both in confidence of the system and protections from valuation products that may be produced by others who are not Appraisers. I DO agree with the proposal that Consumers may not be able to understand the Evaluation product or its consequences. They will not get some of the very important details of the property they are purchasing, which many Consumers and Realtors want to have and make sure they are considered in the valuation product by an Appraiser.

Thank you for your consideration of my comments above.

Mary T. Thompson

Certified Real Estate Appraiser

Mary T. Thompson -

*Voted Best Appraiser in Hall County-2018Hall County Board of Realtors -
Committee Chairman of the Year Award - 2017Hall County Board of Realtors -
Affiliate Workhorse Award - 2013 & 2014*

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