



7113 San Pedro Ave, Suite 508  
San Antonio, TX 78216  
(210) 570-4950  
[info@naappraisers.org](mailto:info@naappraisers.org)  
[www.naappraisers.org](http://www.naappraisers.org)

February 25, 2021

Federal Housing Finance Agency  
Office of Housing and Regulatory Policy  
400 7th Street SW, 9th Floor  
Washington, D.C., 20219  
[AppraisalRFI@fhfa.gov](mailto:AppraisalRFI@fhfa.gov)

**RE: REQUEST FOR INFORMATION ON APPRAISAL-RELATED POLICIES, PRACTICES, AND PROCESSES**

Dear Ma'am or Sir:

The National Association of Appraisers (NAA) is a nonprofit, 506c (6) association representing professional appraisers across the country and we sincerely appreciate the opportunity to provide input on the Enterprises' appraisal-related policies, practices and process. Our responses to the RFI are included below.

**General Questions on Appraisal Policy and Process Improvements**

**Question A1.1:**

- *Is there is a need to provide new valuation solutions that address industry identified issues of appraiser capacity, turn-times, training, and rural and high-volume market coverage?*
  - **While progress and modernization are always necessary, it need not be at the cost of disassembling the appraisal process. The appraiser community has additional capacity; it simply needs to be tapped.**
- *What are those potential solutions?*
  - **First and foremost, the acceptance of property inspections performed by appraisers in training (trainees) by the lending/investor community would be a huge first step in solving the issues identified above. NAA recognizes that the GSEs already accept the utilization of trainees; lenders and investors often do not. We encourage strong GSE support in breaking down conflicting barriers and investor overlays that currently exist that do not allow trainees to inspect properties without being accompanied by a supervisory appraiser.**
  - **Additionally, we encourage strong GSE support of efforts to allow licensed appraisers to perform FHA assignments which we recognize requires congressional action. Currently, licensed appraisers are often excluded from selection by lenders and appraisal management companies (AMCs) for conventional assignments in the event the loan program is changed to FHA; thereby limiting the pool of available appraisers for conventional assignments.**

- *What are the risks of these policies and the challenges in implementing them?*
  - **Particularly with advances with property inspection/data collection technology, there is very little risk in utilizing properly supervised trainees.**
  - **There is no increased risk in utilizing property trained licensed appraisers for FHA assignments, particularly because many licensed appraisers previously performed FHA appraisals for years prior to changes which resulted in their exclusion from the FHA appraiser roster.**

*Question A1.2:*

- *Are there opportunities for process improvements that allow non-traditional valuation services (inspection-only, desktop, exterior-only) to augment traditional appraisals?*
  - **Yes.**
- *Please elaborate on the risks, challenges and benefits.*
  - **The benefits of utilizing trainees to perform property inspections include higher capacity, faster turn-times and potentially lower costs to consumers.**
  - **As previously stated, challenges include the acceptance of trainees by lenders and investors.**
  - **The risks of utilizing properly trained and supervised trainees are minimal.**
- *Separately, are there opportunities to improve traditional appraisals to mitigate problems and concerns that have been observed to date?*
  - **Yes. Please see NAA responses to questions A1.1 and A1.2**

*Question A1.3:*

- *Do appraisal waivers have a place in Enterprise appraisal policy and process, and if so, for what segment of loans?*
  - **Yes. It seems clear that low LTV, rate-term refinance transactions would be an appropriate segment of loans for appraisal waivers and/or lesser valuation products. This is predicated by the assumption that relatively recent property data has been submitted to UC DP establishing reasonable basis for value and determination of marketability and property condition.**
- *What are the current risks to Enterprise safety and soundness in how appraisal waivers are offered?*
  - **Clearly risks exist if there is no basis to determine the condition of a property such as a recent UC DP submission.**
  - **This is also true of atypical properties such as those of unusual design or location which meet with market resistance that would not be apparent without an inspection of the improvements.**
- *Would caps or other limits on their usage be appropriate?*
  - **Yes, though NAA defers to the Enterprises to determine what those caps and limits should be.**

*Question A1.4:*

- *Would utilizing alternative inspection workforces, such as insurance adjusters, real estate agents, and appraisal trainees assist with addressing appraiser capacity concerns?*
  - **As previously stated, NAA strongly agrees that the utilization of appraiser trainees would address the majority of appraiser capacity concerns.**
- *Are there risks of using third-party non-appraisers?*
  - **Yes**
- *If yes, How?*
  - **The risks of utilizing third-party non-appraisers are numerous. Unlike trainees, non-appraisers are unsupervised, unregulated and likely uninsured. There is currently no required training or demonstration of competency for non-appraisers to complete inspections for appraisal purposes.**
  - **When utilizing a trainee, liability for errors and omissions follows the appraiser. An appraiser cannot, and should not, accept liability for errors and omissions of a non-appraiser whom he/she does not directly supervise.**
  - **It has been the experience of many NAA members that third-party non-appraisers do not know/understand the data points collected during a site visit necessary to produce credible**

assignment results. This often results in increased time to complete an assignment and/or increases the risk of both over and under valuation.

Question A1.5:

- *Is there a need for additional policies and controls to balance potential risks with efficiency benefit from appraisal modernization? If yes, please provide your recommendations.*
  - **NAA defers to the Enterprises to determine if additional policies and controls are necessary.**

Question A1.6:

- *Do the objectives as outlined for the UAD update and forms redesign meet the current and future needs of the mortgage industry?*
  - **While the objectives outlined are commendable, NAA does not believe there is enough data available to determine if they will meet current and future needs of the mortgage industry.**
- *Are there opportunities for refinements or additions?*
  - **NAA defers comment on this question until more data is available.**

### **Questions on Risk Management**

Question B2.1:

- *How could the Enterprises make additional data available to appraisers while promoting appraiser independence without crowding out other data providers?*
  - **NAA does not believe “crowding out” other data providers should be of any particular concern to the Enterprises.**
- *What additional challenges arise if the enterprises provide data to appraisers?*
  - **While NAA sees great benefit in UCDP data being made available as a verification source for appraisers, of concern would be “crowd mentality” by which an appraiser’s independent judgement may be impacted by opinions of peers.**

Question B2.2:

- *How can the Enterprises improve their collateral tools currently available to lenders?*
  - **NAA believes the lending community is better equipped to respond to this question. We therefore defer.**

Question B2.3:

- *How do Enterprise appraisal waiver offers differ between Freddie Mac and Fannie Mae?*
  - **NAA defers to the lending community.**
- *Are both Enterprises equally likely to offer a waiver on a given property? Please elaborate.*
  - **NAA defers to the lending community.**

Question B2.4:

- *How can lenders manipulate automated underwriting systems when seeking an appraisal waiver? For example, lenders changing the loan amount, submitting data changes multiple times, or submitting to both Enterprises and delivering to the one who offers the waiver?*
  - **NAA defers to the lending community.**
- *How do the Enterprises minimize this manipulation?*
  - **NAA defers to the lending community.**

Question B2.5:

- *What are the challenges associated with quality of service, enforcement and consumer protections related to non-appraiser entities providing property inspection data?*
  - **Please see NAA’s response to question A1.4.**

Question B2.6:

- *Is there any data or evidence you could share regarding the performance of alternative appraisal solutions versus traditional appraisals?*
  - **NAA defers to users of appraisal services to respond to this question.**

Question B2.7:

- *Should Enterprise type COVID-19 appraisal flexibilities be part of an updated appraisal process to address disasters and other events to lessen market impacts?*
  - **Yes. It seems logical that a process would be put in place in the event of similar occurrences.**

**Operational Questions on Appraisal Process Improvement**

Question C1.1:

- *What do you envision the impact of appraisal process improvements as described in this RFI to be on the appraisal industry?*
  - **Changes proposed may serve to attract more individuals to the profession by creating more opportunities for the utilization of trainees, thereby making it financially feasible for appraisers to act in supervisory roles.**
- *What impact, if any, has increasing use by the Enterprises of alternative appraisal solutions had on the availability and/or quality of traditional appraisals?*
  - **NAA defers to users of appraisal services to respond to this question.**

Question C1.2:

- *What would be the impact of appraisal policy and process improvements to the mid or late career appraiser?*
  - **Many mid and late career appraisers leave the profession due to the necessity of field work/onsite inspections. This segment of the appraiser community would likely welcome appraisal policy and process improvements which allow an individual other than the appraiser to physically inspect the real estate.**
- *Do you believe late career appraisers would delay retirement if they could focus on specific valuation services like desktop appraisals?*
  - **As stated above, yes. In some cases, late career appraisers would (and do) delay retirement to focus on valuation services that do not require onsite inspections. Conversely, some appraisers will not utilize property data provided by third party inspectors or other sources. This segment of the appraiser community would not be willing to complete desktop assignments. *Note: this segment does not only include "late career" appraisers.***
- *Or alternatively, would late career appraisers cease operations due to technology adoption challenges?*
  - **Appraisers have seen many technological advances over the past 40 years and it would be a generalization to state that late career appraisers in general would cease operations due to additional advancements in technology. Some would embrace it as they always have; others may cease operations.**

Question C1.3:

- *Do you believe appraisal policy and process improvements would have a positive impact on access to credit, including for rural and underserved markets by providing additional valuation services that serve the needs of these markets?*
  - **Additional valuation services may, indeed, have a positive impact on rural and underserved markets.**

Question C1.4:

- *Is there discrimination in current collateral valuation practices? If you believe there is discrimination, describe the impact. Please provide any relevant data or analyses to support your position.*
  - **NAA has no evidence or data to demonstrate there is discrimination in current collateral valuation practices. Appraisers are required by law to operate in a manner that is independent, impartial and objective, and the Ethics Rule of the Uniform Standards of Professional Appraisal Practice (USPAP) clearly states:**
    - **An appraiser must perform assignments with impartiality, objectivity, and independence, and without accommodation of personal interests.**
      - **An appraiser:**
        - **must not perform an assignment with bias;**

- ***must not use or rely on unsupported conclusions relating to characteristics such as race, color, religion, national origin, gender, marital status, familial status, age, receipt of public assistance income, handicap, or an unsupported conclusion that homogeneity of such characteristics is necessary to maximize value;***
- **While we are aware of no specific cases, any appraiser engaging in discriminatory behavior is in violation of USPAP and we strongly believe he/she should be subject to strict disciplinary action by state licensing agencies.**
- *Conversely, are there concerns that alternative or automated solutions could have a discriminatory impact?*
  - **NAA has no evidence to suggest there would be any more (or less) discrimination with the use of alternative or automated valuation solutions.**
  - **We feel it is important to reiterate that appraisers and AVMs do not “set” values or create markets; they merely measure, reflect and report the actions of market participants.**

*Question C1.5:*

- *What are the fair housing impacts of current FHFA and Enterprise policies and procedures on appraisals and valuations, and how can these policies change to further fair housing? Please provide any relevant data or analyses.*
  - **NAA defers to experts to respond to FHFA and Enterprise fair housing policies and procedures; however, we strongly encourage The Appraisal Foundation and/or individual state licensing agencies to include fair housing as a required qualifying or continuing education topic for state licensed and certified appraisers.**

*Question C1.6:*

- *Do you have any additional feedback on issues and questions raised by this RFI?*
  - **NAA has no additional feedback to provide at this time.**

NAA sincerely appreciates the opportunity to provide the Agency input on this RFI and we thank you for your consideration of our comments.

Respectfully submitted,



Bryan Reynolds, MNAA  
President, National Association of Appraisers