



NATIONAL ASSOCIATION OF REALTORS®

*The Voice For Real Estate®*

500 New Jersey Avenue, N.W.  
Washington, DC 20001-2020  
202.383.1194 Fax 202.383.7580  
[www.realtors.org/governmentaffairs](http://www.realtors.org/governmentaffairs)

Pat Vredevoogd Combs  
ABR, CRS, GRI, PMN  
President

Dale A. Stinton  
CAE, CPA, CMA, RCE  
EVP/CEO

GOVERNMENT AFFAIRS  
Jerry Giovaniello, Senior Vice President  
Walter J. Witek, Jr., Vice President  
Gary Weaver, Vice President

November 5, 2007

The Honorable Paul Kanjorski  
Committee on Financial Services  
Subcommittee on Capital Markets, Insurance & Government-Sponsored Enterprises  
2188 Rayburn House Office Building  
Washington, DC 20515

Dear Chairman Kanjorski:

On behalf of the 1.3 million members of the NATIONAL ASSOCIATION OF REALTORS® (NAR), I commend you on your work to strengthen the integrity of the appraisal process. H.R. 3837 the "Escrow, Appraisal and Mortgage Servicing Improvements Act" (EAMSIA) would bring much needed confidence to the appraisal process by ensuring that values are based on the sound independent judgment of the appraiser, and ensuring that consumers are able to evaluate the appraisal prior to closing.

Appraisers routinely face both subtle and direct pressure from mortgage originators to meet targeted values. In fact, a recent survey by October Research indicated that over 90% of appraisers experienced some form of pressure, and 70% fear negative consequences to their business if they fail to meet a specified or implied value. An appraiser's business is built on two things; the integrity and accuracy of the appraisal, and the relationship with mortgage originators. In recent years pressure has strained the industry on both fronts.

NAR supports H.R. 3837 because it remedies these problems. The bill provides a comprehensive definition of improper appraisal influence and provides meaningful penalties by amending both the Truth in Lending Act and Title XI of FIRREA.

Recently, many of NAR's appraisal members have expressed increasing concern that mortgage originators are using "appraisal management firms" to select and work with only those appraisers who can meet targeted values. The lawsuit initiated by New York against an appraisal management subsidiary of a large lender is emblematic of many of the problems appraisers face. NAR would support legislative language that would ensure that appraisal management firms are subject to both the improper influence provisions, and appropriate appraisal licensing.

However, NAR is also concerned that H.R. 3837's provisions mandating temporary reciprocity and granting binding regulatory authority to the Appraisal Subcommittee undermine the ability of states to regulate appraisal licensees.

NAR sincerely appreciates the leadership you have shown in strengthening the integrity of the appraisal process through the introduction of HR 3837. We look forward to working with you to ensure the legislation receives favorable consideration.

Sincerely,

Pat V. Combs, ABR, CRS, GRI, PMN  
2007 President, National Association of REALTORS®

