

June 14, 1994

Dear House Banking Committee Member:

An appraisal amendment will likely be offered to H.R.3838 at full committee which would permit short form appraisals on loans below threshold levels set by federal financial institutions regulatory agencies and the Resolution Trust Corporation. Generally, the amendment would require all federally-related appraisals to be conducted by a licensed or certified appraiser.

The National Association of **REALTORS**<sup>®</sup> supports the use of licensed and certified appraisers for all real estate transactions and supports the basic thrust of the amendment. However, the NAR<sup>®</sup> position is to support a de minimus level of \$100,000 for residential property and \$250,000 for commercial. Importantly, in some situations, there is the need for a reasonable approach to valuations of some commercial property, home improvement, and property in rural areas where it may be uneconomical to obtain a valuation. The Committee may want to consider exemptions for certain types of property.

In addition, the requirements in the proposed amendment are consistent with other mortgage market participants. The residential secondary mortgage market participants (Freddie Mac and Fannie Mae) presently require appraisals under their respective loan underwriting guidelines. The Veterans Administration and the Federal Housing Administration require a licensed or certified appraisal on properties purchased in their respective programs.

In closing, the National Association of **REALTORS**<sup>®</sup> supports the intent of the proposed appraisal amendment to H.R.3838 although modifications may be in order. The National Association of **REALTORS**<sup>®</sup> is the nation's largest trade association, and represents all facets of the real estate industry including real estate brokerage, development, investment, management and appraisal.

Sincerely

Stephen D. Driesler