

October 6, 2016

Tom Salomone  
2016 President

Dale A. Stinton  
Chief Executive Officer

**GOVERNMENT AFFAIRS DIVISION**

Jerry Giovaniello, Senior Vice President  
Gary Weaver, Vice President  
Joe Ventrone, Vice President & Deputy Chief  
for Regulatory Affairs  
Scott Reiter, Vice President  
Jamie Gregory, Deputy Chief Lobbyist

500 New Jersey Ave., NW  
Washington, DC 20001-2020  
Ph. 202-383-1194; Fax 202-383-7580  
www.REALTOR.org

The Honorable Julian Castro  
Secretary  
U. S. Department of Housing and Urban  
Development  
451 Seventh Street, S. W.  
Washington, DC 20410

Dear Secretary Castro:

On behalf of the over 1.1 million members of the National Association of REALTORS® (NAR) I thank you for listening to NAR's concerns and revising the appliance review requirement for appraisals in the Federal Housing Administration (FHA) Single Family Housing Policy Handbook. While some issues remain with the Handbook, these changes are a solid first step in ensuring that FHA appraisers are not unduly hindered in providing an independent and impartial analysis of local housing markets, and a credible opinion of the value of a house.

The National Association of REALTORS® is America's largest trade association, including NAR's five commercial real estate institutes and its societies and councils. REALTORS® are involved in all aspects of the residential and commercial real estate industries and belong to one or more of some 1,200 local associations or boards, and 54 state and territory associations of REALTORS®. NAR represents a wide variety of housing industry professionals, including approximately 30,000 licensed and certified appraisers, committed to the development and preservation of the nation's housing stock and making it available to the widest range of potential homebuyers.

By changing the Handbook requirement that an appraiser "must operate all conveyed appliances and observe their performance," to "must note all appliances that remain and contribute to the market value," FHA will help prevent the delays and increased fees that resulted from the confusion over the role of an appraiser versus the role of a home inspector. Hopefully, the appraisers that stopped taking on FHA appraisal work for fear of liability related to home appliance testing may reconsider those decisions, although general concerns over adequate appraisal fees and tensions with appraisal management companies (AMCs) remain a problem in the overall industry. In addition, the clear definition of which items constitute "appliances" should also help alleviate confusion. For the FHA borrower, their ability to compete in today's housing markets will greatly improve with a less time-consuming and costly FHA appraisal.

Thank you again for revising the Handbook's appliance review requirement so that it reflects the actual duties of an FHA appraiser. We look forward to working with you to maintain the success of the FHA program. If I may be of any assistance to you, please do not hesitate to contact me or our Regulatory Policy Representative, Sehar Siddiqi, at (202) 383-11763 or [SSiddiqi@REALTORS.org](mailto:SSiddiqi@REALTORS.org).

Sincerely,



Tom Salomone  
2016 President, National Association of REALTORS®

