

AN

COALITION OF APPRAISERS IN NEVADA

FILED

March 12, 2010

Nevada Supreme Court
201 S. Carson Street
Carson City, NV 89701

MAR 15 2010

TRACHE K. LINDEMAN
CLERK OF SUPREME COURT
BY *[Signature]*
CHIEF DEPUTY CLERK

Dear Chief Justice Parraguirre and fellow Justices:

ADKT 435

We are writing in regard to the proposed Rule changes to the Nevada Foreclosure Mediation program. Specifically, we are in opposition to the proposed change to Rule 7, Paragraph 2 which would allow a mediator to accept a broker's price opinion (BPO) "in lieu of an appraisal."

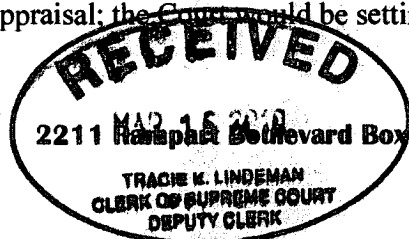
As presently written, Rule 7, paragraph 2 provides that the beneficiary of the deed of trust shall produce an appraisal done no more than 60 days before the commencement date of the mediation. This Rule additionally requires the beneficiary's estimate of the "short sale" value of the residence that it may be willing to consider as part of the negotiation if loan modification is not agreed upon.

"Short sale *value*" is an undefined term. A "short sale" *price* could be the marketing or list price at which a property under distressed conditions is likely to sell. The distinction between *price* and *value* may appear slight; however the distinction is clearly defined in current statute and is recognized in the real estate industry.

In an article published March 17, 2008, Sue Saunders, General Counsel for the Nevada Association of Realtors cautions agents, "Never use the word *value* in a BPO." Subsequent to the passage of SB184 which became effective on July 1, 2009, all BPO's must contain the following language in at least 14 point bold type. **"Notwithstanding any preprinted language to the contrary, this opinion is not an appraisal of the market value of the property. If an appraisal is desired, the services of a licensed or certified appraiser must be obtained."**

Based on our prior attendance and the general testimony from the last public hearing, and our subsequent correspondence with then-Chief Justice Hardesty; it is our understanding that the requirement for a current appraisal was to establish the current value (or worth) of the collateral for comparison against the existing loan amount.

We agree that a BPO is an appropriate option for use in establishing a listing or "short sale" price. However, we respectfully submit that if this program formally accepts a BPO in lieu of an appraisal; the Court would be setting a precedent that may be contrary to the existing statutes.



10-34223

Coalition of Appraisers in Nevada

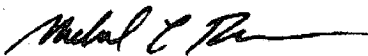
One stated goal of the Foreclosure Mediation Program is to help keep Nevada families in their homes. We believe that maintaining and enforcing the requirement that the beneficiary provide both an appraisal and an estimate of the "short sale" price serves as a "check and balance" on the integrity and credibility of the beneficiaries that participate in mediation. Nevada families are best served by maintaining both of the Rule's requirements.

Nevada's professional appraisers recognize the need for efficiency and responsiveness to the foreclosure crisis facing our state. We have a variety of timely and cost effective appraisal solutions that are appropriate for use in Nevada's Foreclosure Mediation Program.

We are ready to work with the Court and the Program staff to ensure the success of this program, the protection of Nevada families and the integrity of the valuation process that has been crafted over decades.

Accompanying this letter, please find several Exhibits that we have provided for your convenience in reviewing this matter. We appreciate your time and consideration.

Sincerely,



Michael L. Brunson, President
Coalition of Appraisers in Nevada

encl.

List of Enclosures

Exhibit 1: Background Information and Definitions

Exhibit 2: Clark County Neighborhood Stabilization Program - Preferred Appraiser List

Exhibit 3: Chart – Comparing BPO's and Appraisals

Exhibit 4: March 8, 2010 Letter from Appraisal Organizations to the Treasury

Exhibit 5: Freddie says "NO" to BPO's Appraisal Scoop, published April 2, 2009

Exhibit 6: February 24, 2009 Letter from AARO to the Treasury

Background Information

Some history may help in understanding our position. Following the S&L Crash of the 1980's the federal government recognized the important role that appraisals play in the financial security of our nation. As a result of this recognition, Title XI of FIRREA [12 U.S.C. 3331-3351] mandates that appraisals for federally regulated real estate transactions be completed by licensed or certified appraisers that would: be completed subject to uniform standards; be monitored by the appraisal subcommittee of Congress; and be accountable to appropriate state and federal regulatory agencies. FIRREA gave the individual states a choice to make licensing of appraisers voluntary or mandatory.

The initial bill presented to the Nevada Legislature in 1989 provided for voluntary licensing of Nevada appraisers. That legislation was rejected by our legislators because it did not, in their view, go far enough to protect the citizens of Nevada. Instead the legislators chose to be on the forefront of consumer protection when in 1991, they passed a bill making Nevada one of the first mandatory licensing states. That legislation was the foundation of the current NRS 645C which requires all persons providing opinions of real estate value to have a credential and established a fine for "any person" providing an appraisal (as defined) without the proper credential (NRS 645C.555(1)(a))

The 1989 Legislature realized that the Nevada public is best protected by ensuring that reliable and credible appraisals are provided by individuals that:

- a. have specific education and experience in the economic concept of value and valuation methodology (NRS 645C.330);
- b. that are independent and impartial to the transaction; and
- c. that are regulated at both the federal and state level.

Today our nation faces a similar, but more severe economic crisis. Our state is recognized as one of the most complex real estate markets in the nation. Nevada, leads the US in foreclosures, upside down property values, and unfortunately certain types of mortgage related fraud. The need for credible valuations provided by qualified professionals has never been more evident.

Nevada has statutory definitions that are applicable to this discussion:

NRS 645C.030 "Appraisal" defined. "Appraisal" means an analysis, opinion or conclusion, whether written or oral, relating to the nature, quality, value or use of a specified interest in, or aspect of, identified real estate for or with the expectation of receiving compensation.

NRS 645C.040 "Appraiser" defined. "Appraiser" means a person who prepares or communicates an appraisal, but does not include anyone who merely relays an appraisal on behalf of the person who prepares it.

SB184, Section 1.8 "broker's price opinion" means a written analysis, opinion or conclusion that a person licensed pursuant to this chapter prepares for a person described in subsection 2 relating to the estimated price for a specified parcel of real property.

Exhibit 2

CLARK COUNTY NEIGHBORHOOD STABILIZATION PROGRAM PREFERRED APPRAISER LIST October 2009

Contact Name	Company Name	Address	City, State, Zip	Office Phone	Fax Number	Email Address
Kosei T. Masuda		4012 S. Rainbow Blvd. #K-455	Las Vegas, NV 89103	702-856-4350	702-856-4354	kosei@ortegaappraisalslv.com
Eric V. T. Lee	A Team Appraisals Nevada	2980 Harbor Cove Dr.	Las Vegas, NV 89128	702-869-9261	702-974-2425	eric@ateamappraisals.com
Anthony J. Haboush	A.S.A.P. Appraisals	7500 W. Lake Mead Blvd. Bldg. 9 #602	Las Vegas, NV 89128	702-636-2727	702-434-2727	asapappraisals@att.net
Kimberly A. Johnston	A.S.A.P. Appraisals	7500 W. Lake Mead Blvd. Bldg. 9 #602	Las Vegas, NV 89128	702-636-2727	702-434-2727	asapappraisals@att.net
Frances J Godfrey	A1 Appraisers	6657 Jenny Lake Ave.	Las Vegas, NV 89110	702-340-1109	702-437-2460	fjhobbs@gmail.com
Kristin Morris	AA Alliance Appraisal	2916 Whalers Cove Circle	Las Vegas, NV 89117	702-233-0201	702-233-0257	vanna4@cox.net
Edward W. Clark	All Residential	7065 W. Ann Rd., #130-532	Las Vegas, NV 89130	702-438-7861	702-438-2026	ed@allrezappraisal.com
Jeremy Mercer	Allan Appraisals, Inc.	1525 Duhamel Way	N. Las Vegas, NV 89032	702-768-6170	702-310-6701	allanappraisals@hotmail.com
Miles Young, SRA	Appraisal Baron	3716 White Star Dr.	Las Vegas, NV 89129	702-383-6100	702-633-8895	miles@appraisalbaronlv.com
Diana Kanitz	Appraisal Services	PO Box 33562	Las Vegas, NV 89133	702-240-2335	702-240-2349	AppraisalServicesLV@cox.net
Thomas R. Mirkovich	Apstar Appraisal Services	2075 Lipari Ct.	Las Vegas, NV 89123	702-353-6150	702-837-6150	thomas.mirkovich@gmail.com
Michael L. Brunson	Ascent Appraisal, Inc.	6120 Shelter Creek Ave.	Las Vegas, NV 89110	702-641-5657	702-641-7944	mike@ascentnv.com
Nancy C. Atkins	Atkins Appraisals	10275 Premia Place	Las Vegas, NV 89135	702-892-0356	702-676-1147	
Joseph P. Bartley	Bartley Appraisal Services, LLC	4928 Vega Lane	Las Vegas, NV 89130	702-876-7441	702-257-7916	jpbartley@cox.net
Helene F. Benson	Benson Appraisal Co	2505 Anthem Village Dr. #E330	Henderson, NV 89052	702-556-9953	702-896-4095	BENSONAPPRAISAL@hotmail.com
Rudy Bergmann	Bergmann & Bergmann	217 Ultra Dr.	Henderson, NV 89074	702-263-8299	702-263-0016	rudybergmann@lvcoxmail.com
Derrick Robinson	Black Mountain Appraisals	2450 Chandler Ave. #5	Las Vegas, NV 89120	702-567-9888	702-567-3088	derrick@blackmountainappraisals.com
Brandon A Hoke	Brandon Andreason Appraisals	57 Ginger Lily Terrace	Henderson, NV 89074	702-469-5539	702-459-6635	bandreason@hotmail.com
Aaron M Johnson	Citywide Appraisal	PO Box 750431	Las Vegas, NV 89136	702-656-1913	702-656-1011	aaron@citywide.lvcoxmail.com
Kent T. Soule	COD Real Estate Appraisal	5510 Johnny Holiday St.	Las Vegas, NV 89113	702-338-1112	702-873-8618	kent.codappraisal@rocketmail.com
Phillip Dwyer	Dwyer Home Appraisal, LLC	9521 Sierra Summit Ave.	Las Vegas, NV 89134	702-982-6142	702-982-1436	dha@dwyerhomeappraisal.com
Timothy D. Scarlett	Empire Appraisal Services, LLC	5265 S. Durango, Suite 101	Las Vegas, NV 89113	702-437-3335	702-437-6413	tim@eas.lvcoxmail.com
James Mitchell	Epic Appraisal Services LLC	8777 West Maue Ave. # 2153	Las Vegas, NV 89148	702-586-0315	702-586-0319	JamesGMitchell@cox.net
Karen West	First Choice Appaisals	1616 Stonefield St.	Las Vegas, NV 89144	702-257-2770	702-257-2744	firstchoiceappraisals@cox.net
Greg Pyszko	GAP Appraisal, Inc.	8974 Ellenbrook St.	Las Vegas, NV 89148	702-876-2000	702-543-2989	greg@rsdugan.com
Gary S. Salaices	Gary S. Salaices	6453 Colossal Cave Ave.	Las Vegas, NV 89131	702-540-4442	702-629-4375	garys7@cox.net
George PaoLucci	George Paolucci	2109 Wildwood Lake St.	Henderson, NV 89052	702-270-2510	702-270-2510	dailycity@cox.net
Steve C. Simon	Holden Appraisers-West	3180 Rowland Ave.	Las Vegas, NV 89108	702-434-6700	702-436-5900	ssimon@holdenappraisers-west.com
David M. Maddox (Matt)	Integrity Appraisal Services, Inc.	7381 San Pablin St.	Las Vegas, NV 89139	702-263-9207	877-522-1777	MattAppraises4u@yahoo.com
Sandra m. Marshall	Integrity Appraisers	2405 Rice Flower Circle	Las Vegas, NV 89134	702-363-5642	702-363-2842	IntegrityAppraisers@cox.net
Ronald L. James	James & Associates	2915 Evening Rock St.	Las Vegas, NV 89135	702-240-3246	702-240-2631	appraiser12@cox.net
Alison Isom	Kinkade Appraisal	5757 N. Tee Pee Lane	Las Vegas, NV 89149	702-558-9964	702-558-9604	alisonisom@cox.net
Pamela Kinkade, SRA	Kinkade Appraisal, Inc.	5757 N. Tee Pee Lane	Las Vegas, NV 89149	702-655-0220	702-655-0420	appraise@cox.net
Linda H. Park	Linda H. Park	9360 Olympia Falls Ave.	Las Vegas, NV 89149	702-648-2555	702-548-4084	linmamc@aol.com
Sheila Leer	Lubawy & Associates	3034 S. Durango Dr. Ste. 100	Las Vegas, NV 89117	702-242-9369	702-242-6391	orders@lubawy.com
Abigail Tromba	Mercury Appraisals Inc.	7221 Eaglegate St.	Las Vegas, NV 89131	702-655-3004	702-655-3006	abbey@mercuryappraisalsinc.com
Benjamin Carter	Metro West Appraisal Co., LLC	27555 Executive Drive, Suite 180	Farmington Hills, MI 48331	702-378-5100		appraiserben1@gmail.com
Michael H. Hatch	Michael Hatch Appraisal, Inc.	3540 W. Sahara Ave. Ste. 250	Las Vegas, NV 89102	702-474-1384	702-474-1386	mikehatch@estate.lvcoxmail.com
Wayne Miracle	Miracle Appraisals Inc.	10120 W. Flamingo Rd. S.4-216	Las Vegas, NV 89147	702-204-0666	702-256-2944	cwm0751@cox.net
Cindee Morrison	Morrison Appraisals	7341 Sibley Ave.	Las Vegas, NV 89131	702-325-9961	702-645-9265	cmorrison22@cox.net
Heather L. Torres	Ortega Appraisals & Associates	2300 W. Sahara Ave. Ste. 800	Las Vegas, NV 89102	702-856-4350	702-856-4354	heather@ortegaappraisalslv.com
Steven M. Ortega	Ortega Appraisals & Associates	2300 W. Sahara Ave. Ste.800	Las Vegas, NV 89102	702-856-4350	702-856-4354	ortegaappraisals@gmail.com
Dana A Gangsei	Parker Driscoll Appraisal	7716 Peacock Ave.	Las Vegas, NV 89145	702-254-0977	702-254-2866	parkerdriscoll@cox.net
James Driscoll	Parker Driscoll Appraisal	7716 Peacock Ave.	Las Vegas, NV 89145	702-254-0977	702-254-2866	parkerdriscoll@cox.net
Randall Pratt	Pratt and Associates	PO Box 90219	Henderson, NV 89009	702-248-0100	702-248-0103	valuers@rspratt.com
Tamara Desmarais	Quest Appraisal Services, LLC	9328 Thunder Basin Ave.	Las Vegas, NV 89149	702562-1613	702-562-1615	tam22@cox.net

CLARK COUNTY NEIGHBORHOOD STABILIZATION PROGRAM
PREFERRED APPRAISER LIST
October 2009

Theresa M. Richardson	R & R Appraisal Services Inc.	10408 Falls Church Ave.	Las Vegas, NV 89144	702-256-4930	702-256-135	RRRichard18@cox.net
R. Scott Dugan	R. Scott Dugan Appraisal Co. Inc.	6767 W. Tropicana Ave. Ste. 110	Las Vegas, NV 89103	702-876-2000		appraisals@rsdugan.com
Mark Anthony Gonzalez	Signature Appraisals	8504 Stardance Ave.	Las Vegas, NV 89143	702-278-8840	702-639-6081	signatureappraisals@cox.net
Bruce Feldman	Silver State Appraisers	2441 Tech Center Ct. #113	Las Vegas, NV 89128	702-631-2220	702-631-2266	silverstateappraisers@cox.net
Roger Smith	Smith and Company	3086 Nordoff Cr.	Las Vegas, NV 89121	702-737-1410	702-737-1502	rlvoans@msn.com
Stephen Somers	Somer & Associates	11455 Timber Mountain Ave.	Las Vegas, NV 89135	702-869-0551	702-869-0556	ssomers@lvcoxmail.com
Lawrence R Staples	Staples Appraisal Service	4121 Mantle Ave.	N. Las Vegas, NV 89084	702-363-7902	702-233-1120	larry@staplesappraisal.com
George Stavri	Stavri & Associates	6404 Sandpiper Way	Las Vegas, NV 89103	702-252-7066	702-252-0608	stavriassocappraisal@earthlink.net
Robert L. Stoddard	Stoddard & Associates	10250 Largo Sassetta Ct.	Las Vegas, NV 89135	702-655-0323	702-655-0347	rlsasc@cox.net
Derek G. Stoddard	Stoddard & Associates	10250 Largo Sassetta Ct.	Las Vegas, NV 89135	702-655-0323	702-655-0347	dgknot@cox.net
Cathleen L. Wicker	Stoddard & Associates	10250 Largo Sassetta Ct.	Las Vegas, NV 89135	702-655-0323	702-655-0347	wickclan@embarqmail.com
Didrik Krogh	Summit Appraisal	8925 S. Pecos #15C	Henderson, NV 89074	702-310-8468	702-310-8469	summitapsl@aol.com
Tamara Nicole Abernathy	Tamara N Abernathy	2251 N. Rampart Blvd. # 56	Las Vegas, NV 89128	702-202-2175		Tamara@TamaraAbernathy.com
Sergio Tardio	Universal Appraisals LLC	PO Box 751586	Las Vegas, NV 89136	702-516-9423	888-258-3078	universal-appraisals@cox.net
Virginia Sebbo	V S Appraisal Service	4019 DeLos Dr.	Las Vegas, NV 89103	702-253-7011	702-368-3711	vsebbo@aol.com
James Abernathy	Valley Appraisal Services, Inc.	2251 N. Rampart Blvd #256	Las Vegas, NV 89128	702-595-1815	702-968-8658	james@vasnv.com
William Slivinski	Vegas Valley Values	6372 Pine Hill Ave.	Las Vegas, NV 89156	702-296-1273	702-583-7461	vvvappraiser@cox.net
Taliaferro Washington	Washington Appraisal	1301 W. Craig Rd. Ste. E-186	N. Las Vegas, NV 89032	702-245-1157	702-647-1157	tallyw1@cox.net
Jessica Aguirre	Winlow & Associates	3838 E. Raymert Dr. #17	Las Vegas, NV 89121	702-796-5714	702-796-8424	aronamy2000@yahoo.com
John S. Winlow	Winlow & Associates	3838 E. Raymert Dr. #17	Las Vegas, NV 89121	702-796-5714	702-796-8424	jswinc@aol.com
William J. Rigdon	Wrigdon Appraisal	217 Nautical St.	Henderson, NV 89012	702-567-2789	702-567-2789	Wrigdon@cox.net

Source: <http://www.accessclarkcounty.com/depts/Finance/crm/Documents/NSP/Preferred%20appraiser%20list%20October%202009.pdf>

*This list is constructed based on statute and each county or municipality will have a similar list of approved or preferred appraisers.

NEVADA	Broker Price Opinions (BPOs)	Appraisals
Statutory definition	Written analysis, opinion or conclusion prepared for an existing or potential seller, buyer, lienholder or a third party making decisions relating to the disposition of real property related to the estimated price of a specified parcel of real property	An analysis, opinion or conclusion, whether written or oral, relating to the nature, quality, value or use of a specified interest in, or aspect of, identified real estate
Who can do	Person licensed pursuant to Chapter 645 of NRS (real estate broker, broker/salesperson or salesperson)	NV licensed or certified appraisers
Minimum education for (minimum) licensure level	90 hours	153 hours
Minimum education specifically relating to residential valuation	None	30 hours basic appraisal principles 30 hours basic appraisal procedures 15 hours site valuation & cost approach 30 hours residential sales comparison & income approaches
Minimum experience for licensure	None	2 years and 2,400 hours of experience working as an appraiser or intern
Guidelines & standards for report completion	No universally accepted standards or guidelines	The Financial Institutions Reform, Recovery and Enforcement Act(FIRREA) recognizes the Uniform Standards of Professional Appraisal Practice (USPAP) as the generally accepted appraisal standards & requires USPAP compliance for appraisers in federally related transactions. State Appraiser Certification and Licensing Boards; federal, state, and local agencies, appraisal services; and appraisal trade associations require compliance with USPAP.
Accountability	Nevada Real Estate Division	Nevada & federal



March 8, 2010

The Honorable Timothy Geithner
 Secretary of the Treasury
 1500 Pennsylvania Avenue, NW, Room 3330
 Washington, DC 20220

Dear Secretary Geithner:

We are writing to express our deepest concern with regard to the Home Affordable Foreclosure Alternatives (HAFA) program, specifically, ongoing encouragements to conduct "short sales" without minimum safeguards to protect against conflicts of interests, waste and abuse. We understand the Administration is seeking ways to enhance short sales as a foreclosure alternative. However, we strongly believe continuing to allow "broker price opinions" (BPOs) in the property valuation component will not adequately protect the public interest (consumer, borrowers, etc.) or the interests of the various parties to the loan (lenders, loan servicers, etc.) and is likely to exacerbate mortgage fraud. To restore investor confidence around the world and dig out from the current financial crisis, we must end the culture of corruption that has permeated all levels of real estate finance. We urge the Department to reestablish independence in the valuation process to protect the safety and soundness of financial institutions, improve transparency, and safeguard the public trust.

As a preface to our concerns, we note that loan modification fraud (including short sales), has been highlighted as a new form of mortgage fraud by law enforcement officials in recent weeks. According to an independent fraud investigation firm, bank-owned fraud attributed directly to schemes involving shorts sales and REO inventories has increased by nearly 50 percent over the past year and 100 percent over the past two years.¹ The Financial Crimes Enforcement Network and other major law enforcement officials have also issued advisories and notices highlighting fraud scenarios involving loan modification, which oftentimes include short sales². Further, we also note a related trend called "property flopping," which is similar to property flipping, but in reverse³. In this arrangement, the property is artificially deflated below its actual market value (using a BPO) and sold as a REO property to a related party of the real estate agent, who quickly sells the property at its market value for a profit.

Generally speaking, real estate agents and brokers are not independent or properly trained valuation specialists. They have an inherent bias towards quick results and action which produces a fee for themselves irrespective of whether the lender/services/investor/property owner/borrower gets a fair return on the short sale.

We believe that such conflicts can and should be mitigated by implementing basic requirements reestablishing independence and competency in the valuation process. Specifically, any arrangements to encourage short sales must require competent appraisals prepared in accordance with the Uniform Standards of Professional Appraisal Practice. Such a requirement is a minimum safeguard to enhance the fiduciary responsibility of lenders, eliminate conflicts of interests, and ensure independence and objectivity in the short sale process.

We have expressed our previous concern with the acceptability of BPOs with the Administration's loan modification programs. Under the Home Affordable Modification Program guidelines released last year, BPOs were allowed to assist in establishing net present value calculations and valuing large numbers of properties held in portfolio. The BPO allowance was carried over in the HAFA program guidelines issued in November 2009⁴. Our concerns for this acceptance remain, but are deepened by the aforementioned reports of escalation in mortgage fraud involving short sales.

¹ Available at Mortgage Fraud Risk Report, 4th Quarter. http://www.interthinx.com/overview/fraud_reports.php

² Available at <http://www.fincen.gov/foreclosurerescue.html>

³ Available at <http://www.heraldtribune.com/article/20091115/ARTICLE/911151083>

⁴ Available at <http://www.ustreas.gov/press/releases/docs/05142009FactSheet-MakingHomesAffordable.pdf>

Home Affordable Foreclosure Program
March 8, 2010

Lastly, in at least twenty-three states the ability of a real estate agent or broker to perform a BPO is specifically limited to assisting a buyer or seller, or a potential buyer or seller, in establishing a listing or offering price for real property. The lender that has ordered the BPO in order to make a decision related to a short sale is neither the buyer nor the seller in the transaction. Therefore, in the aforementioned states, agents and brokers may not be authorized to provide BPOs in short sale situations. At a minimum, we urge the Administration to caution real estate professionals to review their state law regarding BPOs to ensure that they are authorized to provide this service in a short sale situation.

More specifically, we urge the Administration to revise the HAFA guidelines to prohibit the use of BPOs for property valuation requirements involving foreclosure alternatives including short sales. Doing so will reestablish independence in the valuation process and guard against conflicts of interest in short sales. There is an ample number of qualified real estate appraisers to perform these valuation services. Such a move would not only be in the best interests of financial institutions, but consumers and the public interest. We hope the Administration agrees.

We respectfully request a meeting to discuss these concerns in greater detail. Representatives from our organizations will contact your appointment secretary to confirm this discussion. Should you require any additional information or have any questions please contact Bill Garber, Director of Government and External Relations, at 202-298-5586 or bgarber@appraisalinstitute.org or Peter Barash, Government Relations Consultant, American Society of Appraisers at 202-466-2221 or peter@barashassociates.com.

Sincerely,

Appraisal Institute
American Society of Appraisers
American Society of Farm Managers and Rural Appraisers
National Association of Independent Fee Appraisers

Cc: Mr. Michael Barr, Assistant Secretary for Financial Institutions, U.S. Treasury
Mr. Seth Wheeler, Senior Advisor, U.S. Department of the Treasury
The Honorable Barney Frank, Chairman, House Financial Services Committee
The Honorable Spencer Bachus, Ranking Members, House Financial Services Committee
The Honorable Christopher Dodd, Chairman, Senate Banking Committee
The Honorable Richard Shelby, Ranking Member, Senate Banking Committee

Freddie Says "No" to BPOs

On March 31, Freddie Mac revised its Seller/Service Guide to strictly prohibit its lenders from using broker price opinions to value properties for mortgage purchases. Though Freddie had refrained from using BPOs as a matter of policy, the changes made to section 44.7 of its Selling Guide leave no room for loopholes.

The revised Selling Guide states that to be acceptable for a transaction, each mortgage file must contain one of the following reports:

- A written appraisal report
- A written inspection report
- A print-out of the Last Feedback Certificate with the Minimum Assessment Feedback of Form 2070 or PIA

Also clearly stated in the revised language of Freddie's Selling Guide is the requirement that the Seller may not use tax-assessed valuations or BPOs to determine value.

"Freddie Mac is to be applauded for clarifying their policy on BPOs," said Bill Garber, Director of Government and External Relations of the Appraisal Institute. "This action should serve as a model for government agencies and bank regulators to follow, as it promotes independent and sound collateral valuation practices. While the action is mostly symbolic, we believe the provision has a broader impact and should be viewed as an important cog in helping rebuild confidence investor confidence in the real estate market."

The Seller/Service guide (Section 44.7) can be accessed at www.freddiemac.com/singlefamily/# under "Forms and The Guide → Allregs."

Source: Appraisal Scoop. Published on April 2, 2009

ASSOCIATION OF APPRAISER REGULATORY OFFICIALS

13200 Strickland Road
Suite 114-264
Raleigh, NC 27613
Telephone: (919) 235-4544 - Fax: (919) 870-5392
Web Site: www.aaro.net

February 24, 2009

Honorable Timothy Geithner
Secretary of the Treasury
Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, DC 20220

Neva Conway, Alabama
President
100 N. Union Street
Suite 370
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Phone: 334-242-1308
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Bruce Fitzsimons, Kansas
President Elect

Aml Milne-Allen, Vermont
Vice President

Don Rodgers, North Carolina
Secretary/Treasurer

Bob Keith, Oregon
Immediate Past President

Dear Mr. Secretary:

The Association of Appraiser Regulatory Officials (AARO) is an organization whose members are real estate appraiser licensing agencies of U. S. States and Territories; it was created after Congress passed the Financial Institution Reform Recovery and Enforcement Act (FIRREA) of 1989. AARO membership includes forty-eight of the fifty-six jurisdictions mandated by FIRREA to create appraiser licensing agencies. These agencies issue appraiser licenses and certifications to those individuals who possess the education and experience requirements promulgated by The Appraisal Foundation; and, they oversee compliance, by appraisers, with the Uniform Standards of Professional Appraisal Practice (USPAP) and other standards of professional conduct.

Directors At-Large:

Nikole Avers, Tennessee
Dennis Badger, Kentucky
Sherry Bren, South Dakota
Jodie Campbell, North Dakota
Larry Disney, Kentucky
Henry Faircloth, North Carolina
Loni Hillyard, Wyoming
Deborah Pearson, Arizona
Rod Stirman, Oklahoma
Craig Zell, Oregon

The AARO Executive Committee wishes to express concerns to you about federal regulations and policies that would allow Broker Price Opinions (BPOs) to be used in establishing real property collateral values for mortgage modifications. Our concerns are as follows:

Managing Director

Brent Jayes, CMP
13200 Strickland Road
Suite 114-264
Raleigh, NC 27613
Telephone: (919) 235-4544
Fax: (919) 870-5392

(1) BPOs are unreliable and real estate appraisals are far more likely than BPOs or AVMs (Automated Valuation Models) to produce accurate opinions of the fair market values of single family collateral properties;

(2) Individuals performing BPOs lack meaningful (or sometime, any) valuation qualifications, may not be objective and unbiased or even independent of the transaction for which they're opining a value, and are not properly accountable to anyone for their BPO work;

(3) Permitting real estate agents and/or brokers to provide valuations for the millions of loan modifications predicted, would severely weaken the Congressionally established system of state appraiser certification and licensing which - while not perfect - is operating effectively throughout the country to oversee appraisal practice, to protect the safety and soundness of mortgage loans and provide consumers who buy homes with an important, independent source of information on the actual market values of their properties;

(4) There is an ample supply of appraisers (the Appraisal Subcommittee's Registry of appraisers indicates almost 120,000) who can perform appraisals quickly and reliably; and

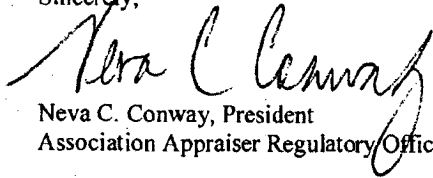


Honorable Timothy Geithner
February 24, 2009
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(5) Appraiser licensing agencies are consumer protection agencies and have responsibility to protect the public and to protect the integrity of appraisals used by the financial market.

To reiterate, we are very concerned that using valuation products (such as BPO's) prepared by unqualified individuals who are not accountable to any valuation oversight entity, and who are not held to any valuation standards of professional practice, is dangerous to the mortgage bailout program, to the financial and banking industry and to the consumer.

Sincerely,



Neva C. Conway, President
Association Appraiser Regulatory Officials

cc: Honorable Chris Dodd, Chairman, Senate Committee on Banking, Housing
and Urban Affairs
Honorable Richard Shelby, Ranking Republican, Senate Committee on
Banking, Housing, etc
Honorable Barney Frank, Chairman, House Committee on Financial Services
Honorable Spencer Bachus, Ranking Republican, House Committee on
Financial Services
Honorable James Lockhart III, Director, Federal Housing
Finance Agency