



September 22, 2008

Tom Deutsch
Deputy Executive Director
American Securitization Forum
360 Madison Avenue, 18th Floor
New York, New York 10017-7111

Dear Mr. Deutsch

On behalf of the 35,000 members of our respective professional organizations, thank you for the opportunity to provide comment on the American Securitization Forum's (ASF) Project on Residential Securitization Transparency and Reporting ("Project RESTART"). Our organizations represent virtually every facet of the professional real estate appraisal community, including independent appraisers and bank staff appraisers, and we are strong supporters of transparency of mortgage transactions.

As Project RESTART moves forward, we are willing to assist your project needs from our wide range of resources, with expertise in real estate collateral valuation, open source industry data standards for mortgage, appraisal, real estate, government relations, and related technologies, among others. Especially in these trying times, there is a real need for Wall Street, lenders, and other users to have productive communication with the Subject Matter Expertise side of the appraisal community. To that end, our organizations believe that the appraisal user and client community should have a better understanding of the appraisal process and the importance of competent, impartial, professional collateral valuation, a critical tool in the securitization process that was minimized in recent years. Further, we believe that the appraisal community would benefit greatly from a mutual exchange of information with the client community, including participating with and being fully informed about open data standards.

Our organizations have reviewed Project RESTART and have some general comments and suggestions. First, it is important to point out that there is more to an appraisal than the value estimate. The analysis performed by the appraiser is both quantitative and qualitative in nature, based on specific neighborhood trends and the actual differences in physical attributes and condition between the subject and the comparables. The appraiser analyzes variations in physical property elements, such as the number of bedrooms and baths, fireplaces, and basement finishes, and the appraiser also studies the overall market appeal of the property.

Residential property values are always determined locally, and the field appraiser can best address the actions of the local market and report on various elements discovered during a thorough physical inspection. This analysis is far more intensive and descriptive than appraisal

alternatives, which largely amount to simple statistical analyses limited to square footage. While the value estimate is important for certain guidelines established by bank regulations (e.g. loan-to-value requirements), what is far more important is the *analysis* performed by the appraiser and that it was performed competently and impartially.

Today, much of the information contained in the appraisal highlighting the analysis performed is underutilized by the client community because of a tight focus on the value estimate. For example, much of the Project RESTART data points recognize the quantitative value opinion, ignoring other important qualitative details included in the appraisal. Inclusion of this information is critical to improving the transparency of mortgage transactions, particularly for parties removed from the original appraisal assignment.

We suggest that a reevaluation of this approach is in order; that more attention be paid to the appraisal as a whole, including the analysis performed by the appraiser. This will require lenders, secondary market participants, ratings agencies, and others, to have a better understanding of the appraisal process, as we believe this will pay large dividends as far as building greater transparency and helping financial institutions make investment decisions. We stand committed to working with you to assist with this highly important endeavor.

Specifically to the RMBS Disclosure Package, we have the following suggestions, which we detail in outline format below.

1. Create a master field on appraisals and valuations. Appraisals are a critical component in the mortgage transaction, and the information within it offers an array of information that is beneficial to mortgage lenders, participants in the secondary market and other related entities. For this reason, we suggest an entire Master Field be devoted to appraisals or valuations and that you consider a joint effort to explore the benefits of positioning this transaction structure as a freely open source data standard in harmonization between the appraiser, appraisal forms software vendor providers, lenders and other related users – not just another “stove-pipe proprietary standard” added to the industry.
2. Within this section we recommend addition of the following fields:
 - Add a field on appraiser qualifications, including
 - Licenses/Certifications carried
 - Professional Designations earned
3. Further, we suggest fields be added to this section relating to the appraisal, including
 - Type of appraisal format - 1004/2055/2065/etc.
 - Appraisal Firm – The certifying appraiser and any appraisal management company
 - Extent of inspection – Full, interior, drive-by, etc.
 - Any extraordinary assumptions – From the appraisal report
 - Conditions of sale – any seller financing or sales concessions
 - Condition of the asset
 - Property sale history
 - Intended Use
 - Intended User

- History tracking identification for any report revisions or modifications, including Report Date, Report Revision Number, Unique Report ID, Report ID of previous report that it supersedes, and statement from appraiser authenticating basis for change and that no undue pressure or influence was involved.

There are other data points within the appraisal that can be used later for other quality analytic needs. The point is, there is far more in the appraisal than just the value number, and this information is, for the most part, being underutilized today.

We also believe that the end user should be notified if the source of the value estimate was something other than an appraisal, such as a broker price opinion, or automated valuation model. Many investors today may falsely assume the valuation performed was an appraisal, when in fact, the value estimate was something short of this. We strongly support this addition to assist with the goal of promoting transparency as it relates to valuation products.

Finally, our organizations firmly believe that the best way to gain a clear analysis of current market trends and reduce collateral assessment risk is to have appraisals prepared by competently qualified appraisers who focus on core competency in the most efficient manner. AVMs may be an effective tool in certain or intermittent circumstances, but enhanced due diligence and risk management business development processes should turn to and most efficiently interact with the appraisal community for support and critical collateral valuation decision-making needs.

Thank you for your consideration and we look forward to working with you on this initiative. We would be pleased to offer our assistance to the various committees reviewing these issues.

Please contact Bill Garber, Director of Government and External Relations, Appraisal Institute, at 202-292-5586 or bgarber@appraisalinstitute.org should you have any questions.

Sincerely,

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