



Via Electronic Mail

April 22, 2011

Ms. Elizabeth Warren
Assistant to the President
Consumer Financial Protection Bureau
1500 Pennsylvania Avenue, NW, CFPB
Implementation, Suite 1801 L
Washington, DC 20220

The Honorable Roy Cooper
President
National Association of Attorneys General
2030 M Street, NW, Eighth Floor
Washington, DC 20036

Dear Ms. Warren and Attorney General Cooper:

On behalf of the nearly 30,000 members of our professional real estate appraisal associations, we offer our congratulations on establishment of a cooperation agreement between the Consumer Financial Protection Bureau and the Presidential Initiative Working Group of the National Association of Attorneys General¹. Signing of the Joint Statement of Principles is a critical advancement for consumer protection, as well as sound implementation of the consumer protection mandates found in the Dodd-Frank Act (DFA).

We commit the resources of our organizations to assist your respective agencies in accomplishing the goals of the Joint Statement. Our organizations are the largest professional real estate appraisal education providers in the United States. We publish appraisal related texts and publications, and we offer our training programs and materials available to government officials, in addition to financial institutions, consumers, and industry participants. For instance, our organizations have conducted specialized training for such agencies as the Federal Bureau of Investigation, Federal Housing Administration, FINCEN, and the Mortgage Fraud Working Group, among many other government agencies. We also grant free access to government officials to our Lum Library, which is the largest online library of appraisal literature in the world. We would be pleased to make these and other resources available to your respective staff in pursuit of consumer protection.

There are two issues that we would be pleased to work with your respective organizations as you proceed to implement the Joint Statement of Principles. Specifically, Section 1475 of the Dodd-Frank Act authorizes separate consumer disclosure of fees paid for administrative services provided by appraisal management companies (AMCs) and actual appraisal services provided by appraisers². This provision

¹ Available at <http://www.consumerfinance.gov/pressrelease/consumer-financial-protection-bureau-and-national-association-of-attorneys-general-presidential-initiative-working-group-release-joint-statement-of-principles/>

² Sec. 1475 of DFA states: *Section 4 of the Real Estate Settlement Procedures Act of 1974 is amended by adding at the end the following new subsection: “(c) The standard form described in Subsection (a) may include, in the case of an appraisal coordinated by an appraisal management company (as such*

recognizes that two distinct services exist – actual appraisal services and administrative and processing services relating to the management of appraisal operations. This provision was included in the DFA as a result of ongoing concerns about consumers potentially being “double-billed” for administrative services relating to the appraisal process by banks and appraisal management companies. Recent media articles help to illustrate this concern³, and we would be pleased to work with your organizations to implement the provision in a way that promotes consumer awareness and consumer protection.

Second, as you know, DFA also authorized the CFPB to oversee the Truth in Lending Act, including new provisions relating to appraiser independence and the payment of customary and reasonable fees. The Federal Reserve issued an Interim Final Rule implementing these provisions that became effective April 1, 2011.

We are in the midst of seeking clarification from the Federal Reserve on interpretations of the Interim Final Rule. We understand Federal Reserve legal staff may believe the Interim Final Rule is being misinterpreted by banks and AMCs, among others.

Moving forward, we note that state attorneys general have expressed authority to enforce the appraiser independence provisions found in DFA, including the provisions relating to customary and reasonable fees. State attorneys general are, of course, very familiar with lender appraisal management issues. Most notably, the Ameriquest Settlement involving 48 attorneys general and the Home Valuation Code of Conduct involving the Office of the Attorney General of New York are two examples where states took the lead in exposing regulatory failures and breakdowns in basic risk management practices by mortgage lenders.

Here too, we offer our organizations to your agencies as the CFPB and state attorneys general as you prepare to engage in active and meaningful enforcement in this area.

We are attaching a previous comment letter written by our organizations to provide a more detailed explanation of our concerns, which are largely unchanged today. Please consider our organizations as resources as your agencies seek to protect consumers. Representatives from our organization will be in touch with your respective offices to arrange follow up conversation on these issues. In the meantime, should you have any questions or need more information, please contact Bill Garber, Director of Government and External Relations, at 202-298-5586 or bgarber@appraisalinstitute.org.

Congratulations, again.

Sincerely,

Appraisal Institute
American Society of Farm Managers and Rural Appraisers

term is defined in section 1121(11) of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (12 U.S.C. 15 3350(11))), a clear disclosure of— “(1) the fee paid directly to the appraiser by such company; and “(2) the administration fee charged by such company.

³ Harney, K (2011, April 15). “Why it’s good to be appraised of where appraisal fees go.” *The Washington Post*. Available at http://www.washingtonpost.com/realestate/why-its-good-to-be-appraised-of-where-appraisal-fees-go/2011/04/11/AFDeIMjD_story.html