Good afternoon. On behalf of the Appraisal Institute, thank you Chairman Arrington, Ranking Member O'Rourke and Members of the Subcommittee for the opportunity to testify on improving the VA Appraiser Fee Panel.

The Appraisal Institute supports the basic framework of the VA Fee Panel in contrast to what is currently found in the Federal Housing Administration or the private sector. By comparison, the structure of the Fee Panel facilitates a greater degree of appraisal independence and represents a much more positive environment for real estate appraisers. Outside of the VA, appraisers often face a litany of challenges ranging from marginally qualified lender review processes to stifling fee compression. The Panel is somewhat insulated from these trends in that it is a screened list of approved appraisers that are on a rotation.

The VA Appraiser Fee Panel enjoys support from other objective observers. A recent review by a reputable think tank concluded that the VA processes and procedures provide more taxpayer protection and help to produce lower defaults and loss severity.

Generally speaking, the VA fee schedules tend to be more indicative of customary and reasonable than what is found in the private sector today. This is largely because the schedule is developed independently by the VA through surveys of local market participants.

Another positive - the VA has in place an innovative process - referred to as the Tidewater Initiative - that requires the appraiser to contact a party to the transaction when the appraisal does not support the sale price. This provides an opportunity to offer more information to the appraiser for consideration.
As a former VA Panel appraiser, the VA staff I encountered were extraordinarily dedicated to Veterans. I either personally witnessed or heard stories of Veterans being treated with respect and assistance in times of challenge that have protected and benefited them. In that vein, the Panel is integral to protecting Veterans, the VA and the public interest. Significantly changing the VA Roster platform that provides for a critical level of independence would be a mistake.

Furthermore, seeking alternative valuation products, such as automated valuation models or desktop appraisals, would also be a mistake in terms of collateral risk mitigation. I will acknowledge that on occasion the lending industry experiences high loan demand which can lead to appraisal delivery times that are elevated to less-than-optimum levels. Though these intervals can be somewhat protracted, they are temporary, as witnessed recently. Changing a working system is not the answer. Instead, we offer suggestions to enhance an already-workable and successful system.

From time to time, the VA recruits appraisers to the Fee Panel. Some of our members report an inconsistent response with regard to approvals. We recommend the VA enhance recruitment efforts by targeting appraisers who have completed peer review requirements for professional appraisal designations. The Panel would benefit from greater involvement by highly-qualified appraisers, along with exploring a standby list of appraisers.

We also recommend to improve VA lender processes relative to timeliness issues by encouraging lenders to provide appraisers with better property information on the front end of the appraisal assignment. Lastly, we believe the Panel would be much more attractive to appraisers if concerns about past due, or delinquent, appraisal fee payments were rectified by the VA.

We think these enhancements can preserve the integrity of the Panel - first and foremost - to the benefit of Veterans.

Thank you for the opportunity to testify today. I would be happy to answer any questions.