

September 24, 2018

The Honorable Paul Ryan  
H232 Capitol Building  
Washington, DC 20515-6501

Dear Representative Ryan:

On behalf of the largest professional association of real estate appraisers in the United States, this is to request you vote "No" on H.R. 6347, the 7(a) Real Estate Appraisal Harmonization Act and H.R. 6348, the Small Business Access to Capital and Efficiency Act scheduled to be voted on by the full House of Representatives on September 25<sup>th</sup>.

The bills would peg the Small Business Administration (SBA) appraisal threshold level to the threshold level established for commercial real estate by the federal bank regulatory agencies. Earlier this year, those agencies finalized a rule to increase the commercial real estate appraisal threshold level from \$250,000 to \$500,000. However, H.R. 6347 and H.R. 6348 fail to fully align the SBA requirements with those of the federal bank regulatory agencies. In the final rule, the federal bank regulatory agencies imposed a requirement to perform an "evaluation" where appraisals are not required for commercial real estate loans. Evaluations have specific development and reporting requirements smaller in scope than appraisals; however, the SBA does not require evaluations and both bills do not include corresponding evaluation requirements.

Worse, last week, the National Credit Union Administration (NCUA) proposed to increase the appraisal threshold level for non-residential loans to \$1 million, setting up a likely "arms race" between the NCUA and the federal bank regulatory agencies. If finalized, the bank regulatory agencies would face great pressure to establish a corresponding threshold level as the NCUA, despite having more experience with commercial real estate risk issues and having studied the issue for several years before issuing the final rule earlier this year.

When taken together, H.R. 6347 and H.R. 6348, could result in the near elimination of all appraisal requirements for SBA 7(a) and 504 loans, putting the agency and taxpayers at significant risk. Given the risks involved in SBA lending, we ask you to vote "No" so that the evaluation and NCUA proposal can be studied further and addressed in clarifying amendments.

Thank you in advance for your consideration.

Please contact Bill Garber, Director of Government and External Relations at 202-298-5586, [bgarber@appraisalinstitute.org](mailto:bgarber@appraisalinstitute.org) or Brian Rodgers, Manager of Federal Affairs, at 202-298-5597, [brodgers@appraisalinstitute.org](mailto:brodgers@appraisalinstitute.org) if you have any questions or need additional information.

Sincerely,

Appraisal Institute