November 16, 2026

Office of the Comptroller of the Currency
Board of Governors of the Federal Reserve System
Federal Deposit Insurance Corporation
National Credit Union Administration

Re: Proposed Interagency Third-Party Risk Management Guidance
OCC Docket ID OCC-2026-0793; Federal Reserve Docket No. OP-1881; FDIC RIN 3064-ZA58; NCUA Docket No. NCUA-2026-1684

Dear Agency Representatives:

On behalf of the nearly 13,000 members of the nation's largest organization of professional real estate appraisers, thank you for the opportunity to comment on the proposed Interagency Third-Party Risk Management Guidance. We support the agencies' efforts to provide greater flexibility in third-party risk management and recognize the benefits of a principles-based approach that allows financial institutions to tailor oversight to the risks associated with individual third-party relationships. At the same time, we encourage the agencies to recognize the distinct risks associated with third-party providers of real estate appraisal and valuation services, particularly appraisal management companies (AMCs).

AMC Oversight
AMCs serve a role in the real estate lending process by facilitating appraisal assignments and managing relationships between lenders and independent appraisers. However, these arrangements can present risks involving appraisal independence, valuation quality, and compliance with applicable appraisal regulations that may not be fully captured through traditional assessments of operational or financial risk.

We encourage the agencies to clarify that financial institutions should consider these valuation-related risks when evaluating AMC relationships and determining the appropriate level of third-party oversight. The use of an AMC or other intermediary does not diminish a financial institution's responsibility to comply with applicable appraisal regulations or to obtain credible and independent valuations that support safe and sound lending decisions.

Appraiser Selection and Compensation Practices
Of particular concern are the financial and operational incentives that may influence how AMCs select and compensate appraisers. In some arrangements, an AMC's compensation structure may create incentives to prioritize lower appraisal fees or faster turnaround times over the qualifications, experience, and geographic competency of the appraiser best suited for a particular assignment.

While cost and efficiency are legitimate considerations, they should not take precedence over appraisal quality and independence. We encourage the agencies to recognize that financial institutions should consider an AMC's appraiser selection procedures, compensation arrangements, and performance expectations as part of their risk assessment, due diligence, and ongoing monitoring activities.

These considerations are especially important for complex properties and assignments requiring specialized expertise or familiarity with local market conditions. Financial institutions should have confidence that the appraiser selected for an assignment possesses the appropriate qualifications and competency, rather than simply offering the lowest fee or shortest completion time.

AMC Fee Transparency
We also encourage the agencies to recognize the importance of transparency in AMC compensation arrangements. In many transactions, the total amount charged for appraisal-related services includes both the fee paid to the appraiser performing the valuation and a separate amount retained by the AMC for its management services.

Understanding how these fees are allocated can help financial institutions evaluate whether an AMC's compensation practices create incentives that could adversely affect appraisal quality or appraiser selection. Greater transparency also supports more informed oversight of the services being provided and the costs associated with those services.

The Appraisal Institute has long supported the separate disclosure of fees paid to appraisers and AMCs in mortgage transactions. While changes to consumer closing disclosure requirements are outside the scope of this guidance, we believe the underlying principle of fee transparency is relevant to effective third-party risk management.

Preserving Appropriate Oversight
We recognize that not all AMC relationships present the same level of risk and do not suggest that every such relationship requires heightened oversight. Rather, we encourage the agencies to ensure that the proposed risk-based framework appropriately recognizes the unique considerations associated with appraisal and valuation services.

Financial institutions should be encouraged to evaluate AMC relationships based not only on operational efficiency and cost, but also on the quality, independence, and reliability of the valuation services provided. This approach is consistent with the proposal's objective of directing oversight resources toward risks that are most relevant to an institution's operations and regulatory responsibilities.

The Appraisal Institute appreciates the agencies' consideration of these comments and supports efforts to reduce unnecessary administrative burdens while maintaining appropriate safeguards for collateral valuation and safe and sound real estate lending. Please contact Scott DiBiasio, Director of Government Relations for the Appraisal Institute, at 202-292-5593 or sdibiasio@appraisalinstitute.org, or Brian Rodgers, Senior Manager of Federal Affairs, at (202) 298-5597 or brodgers@appraisalinstitute.org should you have any questions.

Sincerely,

Appraisal Institute