February 25, 2021

Federal Housing Finance Agency
Office of Housing and Regulatory Policy
400 7th Street SW, 9th Floor
Washington, D.C., 20219

Subject: Response to FHFA Request for Information on Appraisal-Related Policies, Practices, and Processes

Submitted to AppraisalRFI@fhfa.gov

Thank you for the opportunity to provide information to the Federal Housing Finance Agency on appraisal related policies, practices, and processes.

Please accept the following response on behalf of the Real Estate Valuation Advocacy Association (REVAA), an industry trade association whose membership includes Appraisal Management Companies (AMC) and valuation providers that collectively provide residential real estate appraisals nationwide for mortgage lenders. In addition, many REVAA members also create innovative technologies and provide other important lender valuation services such as Evaluations, Broker Price Opinions (BPO) and Automated Valuation Models (AVM).

Several REVAA members are directly engaged with the Enterprises around appraisal modernization initiatives, including but not limited to:

- Managing hybrid valuation pilots by using alternative labor forces and new technology solutions.
- Supporting hybrid valuation pilots by developing new technologies to support improved data collection.
- Participating on Uniform Appraisal Dataset (UAD) update calls.
- Being actively engaged with The Appraisal Foundation, whether serving on the Appraisal Standards Board (ASB), Appraisal Qualifications Board (AQB), providing comments on exposure USPAP drafts, or by becoming members of the Industry Advisory Council (IAC).

While our comments reflect broad support of appraisal modernization through improved use and sharing of data, adoption of updated forms, attention toward removing bias, we believe the immediate policy expansion of using alternative labor forces and new technologies for valuation data collection would provide the greatest opportunity to alleviate current market pressures while the FHFA continues evaluating. appraisal modernization initiatives.

Based on the extensive collective experience of REVAA members, we recommend the following:

- FHFA should more broadly permit the Enterprises to use licensed professionals including appraisers, trainees, real estate brokers/agents and others with inspection-centric standard-based training (i.e., ASHI Certified Inspectors, HUD REAC Inspectors, and ICC Certified Inspectors, etc.) to perform property data collection for hybrid and full appraisals as soon as possible. The key element is a standardized process performed by trained professionals to achieve acceptance from lenders, regulators, investors, and appraisers.
- FHFA should support continued innovation and permit the use of new technologies, such as 3D scanning, and virtual property tours, and digital GLA measurement that can aid property data collection when used with or without third-parties. These easy to deploy tools mitigate risk in the gathering of accurate and credible property details that could otherwise be missed.
- FHFA, and others, should work with the Enterprises to reposition the concept of a property "inspection" to depict the activity more accurately being competed – "property data collection." The term "inspection" and "inspector" causes confusion among stakeholders and policymakers by mistaking it with the work of home inspectors.

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- Given our role as an advocate for appraisal and property valuations at both the federal and state levels, REVAA has a unique perspective on public policy considerations, including the ongoing debate over trying to limit the labor forces and technologies that can perform property data collection in a hybrid appraisal. As the concepts of appraisal modernization move forward, there is much work needed to align Enterprise policies and state public policies (laws and administrative rules) to ensure clarity, consistency, and efficiency.

REVAA appreciates the FHFA's consideration of appraisal industry stakeholder perspectives. Modernization, ongoing dialogue, and an introspective review of policies, practices, and processes are vitally important.

Please contact me if there are any questions at (612) 716-1812 or mark.schiffman@revaa.org.

Sincerely,

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REVAA Response to Federal Housing Finance Agency Questions

A. General Questions on Appraisal Policy and Process Improvements

Question A1.1: Is there is a need to provide new valuation solutions that address industry identified issues of appraiser capacity, turn-times, training, and rural and high-volume market coverage? What are those potential solutions? What are the risks of these policies and the challenges in implementing them?

REVAA strongly believes there is a need for new valuation solutions and/or increased use of existing alternative valuation solutions such as hybrid appraisals. These solutions are rooted in alternative labor forces and the use of new technologies to help make the collection of property data efficient, credible, and accurate.

Based on demographic data, there is industry concern that there may not be enough appraisers to meet the future demand for traditional appraisals. According to Freddie Mac, about 50 percent more appraisals were completed in 2020 than in 2012 and the number of appraisers completing them has stayed the same. Current projections expect volume demand to remain at historically high levels in 2021. Based on available data, many appraisers are approaching retirement age and it is not clear that the incoming population will supply enough new entrants to the appraisal workforce.

Aging and a low number of new entrants is more than just an appraisal issue. National demographic data has long forecasted the coming retirement of the nation's Baby Boom generation and the profound impact to American businesses as industries experience a shortage of available skilled workers. The U.S. Census Bureau estimates that by 2025, the population of people 65 and older will increase by 37.8%, while the population of those 18 to 64 will rise by only 3.2%. Persons aged 18 to 24 will decrease in number. This perspective is supportive of changes that will allow the existing appraiser population to increase their efficiency and throughput.

The appraisal experience for some borrowers is transparent and for others it can be challenging. Turn time, particularly in rural areas (due to location, limited population and in most cases properties with mixed use, uniqueness, and land sizes), has become an issue in certain markets across the country. This is impacting the ability for lenders to lock in mortgage rates and close loans. Loan closing delays for any reason, including the appraisal, generate borrower frustration with the process and will likely grow as the demands of an "instant society" also increase. We are concerned that increased pressure on appraisers to meet turn time demands leads to unintended degradation in appraisal quality.

There is an opportunity to update policy to allow new alternative valuation solutions and/or increase the usage of existing products that optimize risk management, expand appraiser capacity and coverage, and reduce turn times. Such alternative valuation solutions could be a combination of property data, analytics, AVMs, property data collection services, desktop/hybrid appraisals and exterior appraisals. With the adoption of standardized, training-based third-party property data collectors and the incorporation of new technology tools, traditional appraisals could be included. The question should not be one of reduction in the depth or the quality in reports but in enhancing the process itself to improve the efficiency and production of all facets of the appraisal process.

Currently, there are alternative solutions in the marketplace and innovation is ongoing. However, marketplace confusion is common given conflicts between Enterprise policies and state regulation/law governing valuations.

- Enterprise policies today do not allow the automated underwriting systems (AUS) to offer different appraisal options, such as desktop or exterior only. This policy, if changed, would help appraiser capacity by expanding valuation options completed by an appraiser and not requiring the appraiser to personally inspect the subject property. Further, policy changes to allow third-party data collection when needed, and reliance on new technologies, will expand the capacity of the existing appraiser workforce.

- There is minimal consistency in the states. In approximately half of the states, evaluations are permitted to be completed by non-appraisers, while the other half restrict non-appraisers from delivering evaluations. Moreover, certain states in recent years have targeted the restriction of hybrid appraisals. In New York, for example, the state's AMC law prohibited an AMC from engaging with anyone other than an appraiser to provide valuation services. REVAA was able to work with lenders, Realtors® and others to change the law to permit property data collection by licensed broker/agents, home inspectors, and appraisers (See N.Y. Exec. Law, Article 6-H, 160-jjjj)). However, the ongoing misunderstanding of these alternative valuation solutions by the states can continue to drive unreasonable restrictions on the industry. FHFA providing certainty around alternative appraisals and how property data is collected gives states a clear signal that hybrid appraisals are a permitted alternative to a full field appraisal.

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- If a credentialed appraiser is engaged to perform an evaluation, they must comply with the Uniform Standards of Professional Appraisal Practice (USPAP). Standard 2 of USPAP mandates that even if labeled an evaluation, the report must be identified by name as either an Appraisal Report or Restricted Appraisal Report.

- Few states have updated their appraisal laws so that appraisers do not have to comply with USPAP when completing an evaluation, prompting little adoption in the residential space for appraisers to perform evaluations.

- Many states have outdated appraisal laws and there remains a large disconnect between appraiser state laws and federal regulations on valuations.

- Our experience is that state regulators (in addition to other stakeholders) continue to misunderstand the hybrid process. The key to change and adoption is to apply these enhanced processes in conjunction with traditional appraisals,

Question A1.2: Are there opportunities for process improvements that allow non-traditional valuation services (inspection-only, desktop, exterior-only) to augment traditional appraisals? Please elaborate on the risks, challenges, and benefits. Separately, are there opportunities to improve traditional appraisals to mitigate problems and concerns that have been observed to date?

REVAA believes there are opportunities for process improvements that allow non-traditional valuation services to augment traditional appraisals. New and emerging technology places mobile technology in the hands of both appraisers and non-appraisers to perform onsite data collection, including obtaining photographs, video, floor plans, square footage calculations, 3D scanning, virtual property tours and the ability to obtain digital GLA measurements.

Benefits of using hybrid appraisals and alternative valuation products include:

- Using trained third parties and new technologies for property data collection allows the appraiser to focus on the analysis of the data as opposed to completing administrative details (scheduling, driving, taking photographs/video) and other tasks. The process can be faster and more cost-efficient yet can provide the same product in terms of quality and credibility.

- Representation and warranty options could be developed for existing standardized alternative valuation products, creating acceptance by lenders and secondary market stakeholders when supported by data, analytics, and technology.

- New technologies can include controls to prevent fraud and help identify mistakes. For example, technology can be used to:

    - Confirm photographs and/or video taken by a third-party at the location and time represented by the third-party. Such technologies should be encouraged by the FHFA regardless of any adoption to alternative appraisals to support anti-fraud measures as well as improve consistent data, such as around GLA calculation.

    - Drive the scope of property data collection specific to the subject property's characteristics by leveraging third-party data sources to determine and require the rooms, structures, etc. to be observed, while allowing the data collector to expand the scope as applicable with appropriate explanation.

    - Train artificial intelligence (AI) to recognize room characteristics and/or deferred maintenance to ensure the accuracy and completeness of the information captured during the collection of property data.

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REVAA believes there is much opportunity in allowing alternative workforces and new technologies to perform property data collection.

- Approved alternate workforces and new technological advancements can help alleviate appraiser capacity issues by taking on data collection tasks that would open additional options for the next generation of appraisers to gain experience. Standards and training for anti-fraud, data collection knowledge, and accuracy are essential.

- Anyone performing data collection for use in the valuation process should be competent and have appropriate training and background to collect credible data that can be used in an appraisal.

- Such experience could include specific training or professional licensure as a credentialed appraiser, appraiser trainee, real estate sale person or broker, building contractor, property inspector or other related profession.

- Technological innovations, such as 3D scanning, virtual property tours, as well as applications that can calculate GLA digitally, can aid property data collection when used with or without third-parties. These easy to deploy tools mitigate risk in the gathering of accurate and credible property details that could otherwise be missed.

Question A1.3: Do appraisal waivers have a place in Enterprise appraisal policy and process, and if so, for what segment of loans? What are the current risks to Enterprise safety and soundness in how appraisal waivers are offered? Would caps or other limits on their usage be appropriate?

Appraisal waivers have a place in Enterprise appraisal policy and process for low-risk transactions (e.g. refinances already "on the Enterprise's books" allowing borrowers to lower rates on loans that they will be more likely able to repay, reducing risk).

These approaches mitigate risks, including uncertainty over a subject property's complexity which could be mitigated through property data collection and analytics available in the marketplace.

In the limited scenario where appraisal waivers are considered risk appropriate, we believe FHFA should include property data collection to accompany waiver decisions to ensure a current assessment of a property's condition and thereby help mitigate risk. Such property data collection could either be completed the borrower or seller's agent (purchase), using a technology tool that has appropriate location and inspection scope controls, or by an independent third-party data collector (e.g. appraiser, trainee, real estate agent, insurance adjuster, etc.).

Question A1.4: Would utilizing alternative inspection workforces, such as insurance adjusters, real estate agents, and appraisal trainees assist with addressing appraiser capacity concerns? Are there risks of using third-party non-appraisers? If yes, How?

As stated in answer A1.2 above, REVAA strongly supports FHFA permitting additional workforces and the use of new technologies to collect property data for use in an appraisal. As FHFA knows, alternative data collection workforces and new technologies have been successfully used for over a decade to assist with the completion of hybrid appraisals (whereby appraisers rely on data collected by third parties). It is important to note that in a traditional appraisal, appraisers are already reviewing and relying on subject property data by third parties.

New technologies and alternative data collection labor forces deployed individually or together, can:

- Reduce appraiser capacity concerns.

- Allow appraisers to focus their time and attention on appraisal analyses. Data and observations provided by third-parties and new technologies can create a more efficient valuation process.

- Reduce the potential for undue influence by having a homeowner or third-party use new technologies to obtain analytical information, photographs/video and other property data which reduces the interaction between the borrower and appraiser.

- Produce high quality data through set expectations around competency, experience, education, and training in real estate.

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REVAA recognizes that there are many potential options to support property data collection efforts in the "hybrid" appraisal process, and we believe certain workforces may present greater risk while others present less risk. While we appreciate that rigorous testing of new technologies and any workforce is appropriate, we suggest at a minimum that licensed real estate professionals including appraisers, appraisal trainees, insurance inspectors, and real estate brokers/agents are situated to provide immediate support to appraisal modernization initiatives. Additionally, encourages the Enterprises to support easy to use, time saving and cost efficient technological advancements that property appraisers, alternative workforces and homeowners can utilize.

- Risks include a lack of consistency in standards, oversight, and liability.
- Technology tools can be leveraged to ensure property data collection consistency and accuracy, and to deter fraud. These can be used by appraisers, alternative workforces, and homeowners.
- The use of certain workforces that already meet licensing standards offer less risk.
- There is a need to ensure third-party data collectors are professionally trained to identify, photograph/video and document all information that impacts the subject property's potential value.

Question A1.5: Is there a need for additional policies and controls to balance potential risks with efficiency benefit from appraisal modernization? If yes, please provide your recommendations.

REVAA supports the requirement in USPAP that appraisers must consider all acceptable approaches to value and believes the industry should continue looking ahead at future innovations. The success of appraisal modernization will hinge on balancing efficiency with valuation complexity and risk. Doing so will require appropriate controls to ensure:

- Consistent standards for third-party data collection.
- Creation of a risk-based valuation continuum of appraisal services aligning valuation solution(s) and subject property transaction risk.

Recommendations:

- Share data from the Uniform Collateral Data Portal (UCDP) and Uniform Mortgage Data Program (UMDP) with the industry. This will allow more efficient appraisal analysis via existing data distribution networks and solution providers. For example, existing systems could provide real time feedback on condition, quality, sale prices and dates, characteristics, etc. allow the appraiser to incorporate more data or to reconcile discrepancies. Currently, when results are submitted to the UCDP, only the lender is provided feedback and they are limited in what can be conveyed to the appraiser.
- Provide clear direction to the lending community on what specific loan level criteria must be met (such as loan to value ratio) for alternative products to available for valuation use. .

Question A1.6: Do the objectives as outlined for the UAD update and forms redesign meet the current and future needs of the mortgage industry? Are there opportunities for refinements or additions?

REVAA supports form redesign and current MISMO updating efforts. We believe that one of the goals of the UAD update and forms redesign should be to create subject property and marketplace transparency for all intended participants in the life of a mortgage loan.

Many lender clients have shared concerns regarding the impact to the overall industry and underlying systems by proposed UAD and appraisal form changes. While some of the new or updated data points are universally beneficial, much is specific to Enterprise desires. Also for example LIDAR information is not being included. Adding significant new data elements or data transmission steps adds work and complexity for the appraiser with an unclear benefit to the appraiser and lender.

The modernization process should result in simplified workflows for appraisers and lenders rather than adding new steps that are focused on data gathering for the Enterprises. The impact of these form and data changes will be immense and will reverberate throughout the industry. Lenders, appraisers, AMCs, and the underlying technology used by all system components will need to be significantly changed to adapt. Therefore, it is important the full ecosystem of lender and vendors be considered in a request to change or update how appraisals are ordered.

REVAA looks forward to continued dialogue with FHFA and the Enterprises on appraisal modernization.

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B. Risk Management: Questions on Risk Management

Question B2.1: How could the Enterprises make additional data available to appraisers while promoting appraiser independence without crowding out other data providers? What additional challenges arise if the enterprises provide data to appraisers?

REVAA understands the challenges facing the Enterprises surrounding the distribution of the Uniform Collateral Data Portal (UCDP) data. Concerns related to appraiser independence and confirmation bias are valid and should not be ignored. In addition, the concern of competing with other data providers is valid.

The Enterprises currently receive criticism from the mortgage lending industry for not sharing the dataset. This criticism is heightened by the fact that the entities who provide much of that data are not allowed to benefit from it. There should be a middle ground where the Enterprises can share data from the UCDP with the industry via existing distribution networks. This would improve the results for all stakeholders, allowing a virtually seamless benefit to the lending and valuation community. Not doing so seems to be asking appraisers to paint a complex picture without allowing them access to the best selection of paints.

The Enterprises or other interested parties in the transaction providing data directly to appraisers should not be considered. This will create confusion regarding client relationships and perhaps undue influence on appraisers to use the data in favor of other data. The existing providers and distribution networks for real property and market data should be utilized for distribution of the UCDP data.

More transparency and access to this information is essential to maximum innovation and risk reduction. REVAA suggests further discussion and planning as an industry on how best to make the data accessible to the industry.

Question B2.2: How can the Enterprises improve their collateral tools currently available to lenders?

In the same way, valuation policies and tools must provide flexible options allowing lenders to deliver a consistent lending experience to consumers, in any market cycle.

Some examples of improved collateral tools include:

- Allowing the use of hybrid appraisals for purchase and refinance transactions.
- Approved use of alternative labor forces for property data collection to be used in a valuation service.
- The extension of COVID flexibilities, including the ability to source property data from other parties.
- Policies should be considered that allow for data to be sourced digitally from multiple parties including the homeowner, listing agent and others with access to the interior of the home.

REVAA supports a continuum approach based on risk of acceptable appraisal services, including hybrid appraisals. An example of a risk-based continuum of services could be, beginning with the lowest risk and effort valuation, a Waiver, AVM + Property Condition, AVM + Desktop Appraisal, Desktop Appraisal, Hybrid Appraisal, Exterior Appraisal, Traditional Appraisal. Adapting to new technologies is a critical component. Additionally, allowing lenders and their agents flexibility in service options will increase process efficiency.

Question B2.3: How do Enterprise appraisal waiver offers differ between Freddie Mac and Fannie Mae? Are both Enterprises equally likely to offer a waiver on a given property? Please elaborate.

NA

Question B2.4: How can lenders manipulate automated underwriting systems when seeking an appraisal wavier? For example, lenders changing the loan amount, submitting data changes multiple times, or submitting to both Enterprises and delivering to the one who offers the waiver? How do the Enterprises minimize this manipulation?

NA

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Question B2.5: What are the challenges associated with quality of service, enforcement and consumer protections related to non-appraiser entities providing property inspection data?

Quality of Service

In current testing of appraisal modernization programs, the Enterprises are closely monitoring the quality of data being captured by pilot labor forces the use of technology by homeowners. The Enterprises are a source of information as to the quality of work produced by non-appraiser entities providing property inspection data.

Many REVAA member companies, in addition to their appraiser panels, maintain panels of other service providers and feel confident in their capabilities to train, certify and equip these vendors with the appropriate technology that can deliver a high-quality product.

Enforcement and Consumer Protections

As referenced above, REVAA supports testing, training and review of all non-appraiser labor forces and the use of new data collection technologies to support appraisal modernization efforts. The Enterprises' embrace of new technologies (e.g., 3D scanning, virtual tours, digital GLA measurements) and the adoption of real estate brokers and agents, appraisers and trainees, and other third-parties as a reliable labor force will be critical to accelerating modernization initiatives and give immediate relief to borrowers, lenders, and the marketplace.

The Uniform Standards of Professional Appraisal Practice (USPAP) requires appraisers that rely on work completed by others have a reasonable basis for believing the work is credible. Thus, appraisers using data provided by third parties must assess that the data is credible. This provides a measure of security that appraisers will take appropriate measures to ensure data provided by third parties is reliable, as their licensure requires.

New smart technologies have advanced property data collection. These easy to deploy tools go further than traditional methods and mitigate risk in the gathering of accurate and credible property details that could otherwise be missed. These new technologies may be used by professionals (i.e., appraisers, realtors, home inspectors, etc.) and non-professionals. For example, an innovation with smart technology is a user-friendly mobile application on a camera-enabled smart phone can allow homeowners, not a third-party, to collect and share critical property data with appraisers completing exterior-only appraisals while adhering to safe social distance practices.

Real estate brokers and agents provide a labor force to support appraisal modernization initiatives. They are governed by almost identical state licensure and ethical board standards as appraisers, so they can be held accountable to their performance in a manner similar to appraisers. Other labor forces - such as Insurance Inspectors and Home Inspectors - may not be held to the same standards but can also be managed effectively by private companies.

Like appraisers:

- Every state requires real estate brokers and agents to be licensed and meet continuing education requirements.
- Real estate brokers and agents are subject to disciplinary action from their licensing regulator.
- Real estate brokers and agents are familiar with real estate collateral concepts.
- Real estate brokers and agents are familiar with consumer interaction.
- Real estate brokers often maintain professional liability insurance.

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The Enterprises and FHFA could easily enforce high standards of quality and eliminate any risks associated with non-appraiser workforces and new technologies by publishing a set of minimum criteria that a company or a lender engaging providers directly must meet, to offer or use non-appraiser data collection services. Enforcing compliance with the standards during audits is important. The recommended standards provide the lender and Enterprises with a level of protection similar to that of appraisers.

The lender must:

- Have proper hiring practices in place.
- Sample data collection practices as part of the quality control process, consistent with required quality control practices for appraisals.
- Document and use a real estate professional that active and in good standing, meeting license and education requirements for the state.
- Require that the professional in the data collection report:
    - Note their license number.
    - Attest that the compensation for collecting data is not biased.
    - Attest that their compensation for completing the assignment is not contingent upon the development or reporting of a predetermined price point.
    - Attest that they have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
    - Represent, warrant, and attest that data on the property condition was collected independently.

Question B2.6: Is there any data or evidence you could share regarding the performance of alternative appraisal solutions versus traditional appraisals?

Based upon the experience of some REVAA companies using new technologies and/or third parties to collect data for hybrid appraisals, here are some of the aggregate findings:

- Increased appraiser capacity
- Faster turn times by as much as 4-5 days
- Measurable cost savings compared to a traditional appraisal
- More flexible scheduling of property data collection can enhance consumer experience
- Fewer customer escalations

Question B2.7: Should Enterprise type COVID-19 appraisal flexibilities be part of an updated appraisal process to address disasters and other events to lessen market impacts?

The COVID-19 appraisal flexibilities provided have shown the importance of offering options to lenders that improve consumer experience while mitigating risk. Not all lenders use the flexibilities, and those that do, not on all the volume. The flexibilities are crucial for ensuring consumers have access to lending options even during a period of significantly increased appraisal volumes. Additionally, the short approval windows discouraged some lenders from implementing them due to policy and operation challenges. Thus the actual use may not be indicative of the real desire by lenders to utilize. It may be prudent to keep some of these flexibilities permanently.

REVAA members are confident that homeowner data collection can be relied upon for certain lending decisions through our experience with the COVID-19 appraisal flexibilities. The continued extension of flexibilities by FHFA during the current pandemic leads us to believe that homeowner-provided property data can credibly be relied upon by the Enterprises, lenders, and appraisers.

Several companies released new homeowner property data collection tools. A new industry sprung up seemingly overnight, with at least 20 different homeowner property data collection applications hitting the market in 2020.

Many of these tools provide consumer-friendly user experiences and robust feature sets. They include fraud-mitigation tools like geofencing to validate image and data capture location and guided in-app collection prompts. Some have live direction from a trained inspector or appraiser, and photo steps to consistently ensure high-quality data.

Securing this level of interior data detail, and potentially exterior images and data, provides appraisers a much more robust sense of a property than if they base assumptions about the attributes and current condition of the home upon the exterior or from a desktop appraisal.

C. Industry Considerations: Operational Questions on Appraisal Process Improvement

Question C1.1: What do you envision the impact of appraisal process improvements as described in this RFI to be on the appraisal industry? What impact, if any, has increasing use by the Enterprises of alternative appraisal solutions had on the availability and/or quality of traditional appraisals?

The primary impact would be a better alignment of the underlying risk of the mortgage transaction to an appropriate collateral analysis product.

Limiting use of the comprehensive, and thus time-consuming, appraisal reporting options when it is warranted by the transaction's level of risk is especially important in the context of an inelastic supply of licensed and certified appraisers. It is important we maximize the value of those resources. The agencies' valuation databases coupled with their borrower credit history and loan performance data provide powerful tools to direct the selection of valuation alternatives to lenders through their respective automated underwriting systems.

The use of alternative valuation products will preserve some degree of appraiser capacity to perform more comprehensive appraisal analysis and reporting for higher risk transactions and complex properties while keeping the independence and the analysis of an appraiser in the transaction.

Question C1.2: What would be the impact of appraisal policy and process improvements to the mid or late career appraiser? Do you believe late career appraisers would delay retirement if they could focus on specific valuation services like desktop appraisals? Or alternatively, would late career appraisers cease operations due to technology adoption challenges?

While appraisal policy and process changes would increase the number of valuation alternatives, the impact on retirements would be speculative. This question also presumes there is a need to keep appraisers from retiring. If various appraisal options proposed by REVAA and others are allowed, industry capacity would conservatively increase 25% or more which will likely negate any hypothetical decline in the number of appraisers.

Additionally, the addition of different services that are not personal inspection dependent create options for appraisers who could choose to specialize their practice for many different personal reasons.

We believe the increased use of the hybrid appraisal process could improve work for late career appraisers. The increased options would create a potential for some appraisers to embrace a specialty of certain types of valuation products.

Question C1.3: Do you believe appraisal policy and process improvements would have a positive impact on access to credit, including for rural and underserved markets by providing additional valuation services that serve the needs of these markets?

The policy and process improvements do relieve some pressure on appraiser capacity in the aggregate.

As stated, and historically known, rural and underserved markets are where the existing appraiser capacity is the thinnest. These are also the markets where data is thin which leads to the current need to more frequently utilize the traditional valuation products.

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Hybrid appraisals would potentially allow a qualified appraiser to expand their coverage areas using third-party data gathering. This would allow the appraiser to complete an appraisal without taking the time needed to inspect, eliminating drive time and other process inefficiencies. This would allow an experienced appraiser with competency to expand their coverage area to rural areas they do not now cover due to the "must personally inspect" constraint. Indeed, with the advent of better tools and technology - which can re-define the term "personally inspect" – an appraiser can reduce the time required to develop and complete an appraisal. There are many areas where and appraisers are competent to appraise, but do not because of the requirement to personally inspect.

Improved access to mortgage finance in rural and underserved markets is primarily going to require the use of technology, changes to policy in favor of options discussed and an increase in the recruitment and training of new appraisers targeting underserved areas to ensure capacity in those markets.

Question C1.4: Is there discrimination in current collateral valuation practices? If you believe there is discrimination, describe the impact. Please provide any relevant data or analyses to support your position. Conversely, are there concerns that alternative or automated solutions could have a discriminatory impact?

Like society in general, appraisal and valuation practices are not immune to discrimination that may occur either by allowing personal beliefs to influence professional judgment or by inadvertent means.

The corruption of the valuation process, whether intentional or unintentional, can result in a borrower being limited or deprived of financing due to an inaccurate valuation practice that is unrelated to loan risk and the ability of the borrower to repay the loan. This is unacceptable and contrary to the core standards of appraisers being independent and unbiased.

REVAA strongly supports, and will continue to participate in, collaborative industry efforts to eliminate discriminatory practices in collateral valuation.

Question C1.5 What are the fair housing impacts of current FHFA and Enterprise policies and procedures on appraisals and valuations, and how can these policies change to further fair housing? Please provide any relevant data or analyses.

The fair housing policies and procedures of the FHFA and the Enterprises are relevant and helpful. REVAA believes the impact of these policies could be improved by holding all stakeholders and participants in the transaction accountable for the implementation and execution of those policies and procedures.

In addition, we believe there are opportunities for collaboration. By the Enterprises sharing data and allowing a broader examination of metrics on comparative denial and pricing differences between demographic groups, much can be learned about compliance with fair housing guidelines.

Question C1.6: Do you have any additional feedback on issues and questions raised by this RFI?

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