

FHFA RFI MyAMC, LLC RESPONSE

Appraisal Modernization

MyAMC, LLC wishes to thank FHFA for the opportunity to respond to this RFI and provide our input into these important issues impacting our industry.

General Questions on Appraisal Policy and Process Improvements	
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?

MyAMC believes there is a real need for appropriate new valuation solutions. As indicated in Figure 1 the capacity of appraisers to provide valuation products is relatively fixed while on an annual and secular basis demand for services is highly variable. Part of the cure for this is greater financial incentive. That is, increased fees for services. While not in the scope of FHFA, this needs to be part of the solution.

We have great hope for an appropriately implemented hybrid appraisal service.

General Questions on Appraisal Policy and Process Improvements	
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?

MyAMC believes the hybrid valuation product has real promise. However, we believe the pilot misplaced the product. The product was placed between the classic interior appraisal (1004) and the Drive-by (2055). This retained the interior inspection, it just separated who was performing the inspection vs. preparing the analysis and report writing. The same tasks had to be done just by different people. So, there is little possibility for savings in cost or time.

We suggest the hybrid model should be placed between the Drive by (2055) and PIW or other alternative. An exterior inspection could be prepared by a real estate agent or other professional, only providing factual information, but use their report to populate the appraisal report. Part of the inspector's scope of work would be to determine that the property was a "cookie cutter" property and aligned between certain parameters (site size, age, non-rural location, etc.). Then the appraiser is charged with the same cookie cutter determination and validating the information already pre-populated in their report. This avoids an interior inspection and allows the appraiser to focus on the

valuation issues. The inspection and the report writing can occur at any time of day or day of the week. It could be supplemented with interior photos taken by the owner. Quality control on this service is now readily available. Further because the appraiser does not have to drive to the property they can cover a wider area with no increase in time or cost.

This kind of process has been used in Home Equity lending for years with great success. It just needs to be aligned with lower risk loans and relatively homogeneous properties.

General Questions on Appraisal Policy and Process Improvements	
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?

MyAMC has no response on this topic.

General Questions on Appraisal Policy and Process Improvements	
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?

MyAMC prefers the use be restricted to real estate agents and licensed appraisal trainees. There is a large workforce of agents who make the bulk of their living preparing BPOs, inspections and similar products. This work would be a training experience for a licensed appraiser trainee. For the trainee, this service would be prepared as a Valuation Service and subject to regulation by the state. So, the trainee and the agent have increased incentive to provide accurate and appropriate services.

General Questions on Appraisal Policy and Process Improvements	
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.

MyAMC wishes to withhold comment until there is a specific proposal.

General Questions on Appraisal Policy and Process Improvements	
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?

We are certain there are opportunities for refinements. We would like to comment after there is a specific form being offered.

General Questions on Appraisal Policy and Process Improvements	
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?

Data from the Enterprises would be helpful for the appraisers to consider but should not steer them in a particular direction.

General Questions on Appraisal Policy and Process Improvements	
B2.2	How can the Enterprises improve their collateral tools currently available to lenders?

The current collateral tools are helpful to the lenders in underwriting but we would like to see more data available to AMCs to assist in their quality control process.

General Questions on Appraisal Policy and Process Improvements	
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.

Not within our experience. No comment

General Questions on Appraisal Policy and Process Improvements	
B2.4	How can lenders manipulate automated underwriting systems when seeking an appraisal waiver? 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?

Not within our experience. No comment

General Questions on Appraisal Policy and Process Improvements	
B2.5	What are the challenges associated with quality of service, enforcement and consumer protections related to non-appraiser entities providing property inspection data?

The process requires an active quality assurance program auditing appraisals to see that the inspector is providing accurate input to the appraiser and the appraiser is verifying that data and providing a reasonable analysis based on the Scope of Work.

General Questions on Appraisal Policy and Process Improvements	
B2.6	Is there any data or evidence you could share regarding the performance of alternative appraisal solutions versus traditional appraisals?

Not within our experience. No comment

General Questions on Appraisal Policy and Process Improvements	
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?

We believe the COVID appraisal flexibilities were a good response to a complex situation. The model can be duplicated in the future if the country or region is in a similar situation. However, the bulk of disasters are weather or wild fire related. The issue in these cases is “Was the property damaged by the disaster?” We do not see how the COVID appraisal flexibilities could be reasonably applied.

General Questions on Appraisal Policy and Process Improvements	
C3.1	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?

We will reserve our comments until there is a specific proposal available.

General Questions on Appraisal Policy and Process Improvements	
C3.2	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?

This is unknown but our best guess is the two effects would offset each other and there would no appreciable impact.

General Questions on Appraisal Policy and Process Improvements	
C3.3	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?

Appraisal and process improvements as proposed do not appear to be targeted toward rural / underserved areas. Rural properties inherently have greater risk and are therefore less adaptable to these improvements targeting lower risk properties.

General Questions on Appraisal Policy and Process Improvements	
C3.4	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?

At MyAMC we consider discrimination to be an awful thing, we find very little evidence in the valuation process. Obviously it is a subtle issue. Since there is less contact with the appraiser or inspector in these proposed processes it seems to us there would be reduced impact regarding discrimination.

General Questions on Appraisal Policy and Process Improvements	
C3.5	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.

Comment withheld at this time.

General Questions on Appraisal Policy and Process Improvements

C3.6	Do you have any additional feedback on issues and questions raised by this RFI?
------	---

None other than we look forward to specific proposals and the opportunity to respond to specific options.

Respectfully Submitted

MyAMC, LLC
By Frank Towery
VP, Licensing and Compliance
Frank.Towery@MyAMC.com
(214) 572-2513