



July 22, 2008

The Honorable Ben Bernanke  
Chairman  
Board of Governors of the Federal Reserve System  
20<sup>th</sup> and Constitution Avenues, NW  
Washington, DC 20551

Dear Chairman Bernanke,

On behalf of the four largest professional appraisal organizations in the United States, thank you for adopting provisions suggested by our organizations to prohibit any creditor or mortgage broker (or their affiliates) from coercing, influencing, or otherwise encouraging an appraiser to provide a misstated appraisal in connection with a mortgage loan in the final rule amending Regulation Z (Truth in Lending Act and Home Ownership and Equity Protection Act).

For a number of years, our organizations have expressed deep concern about actions taken by some mortgage brokers and loan originators with regard to the appraisal process. Too often, real estate appraisers have faced coercion and intimidation from these clients, and many competent and ethical appraisers have been inappropriately placed on exclusionary lists as a result. We wholeheartedly agree that the practice of coercing, influencing, or otherwise encouraging appraisers to misstate or misrepresent value does not benefit consumers, competition, or the public trust.

The Final Rule is particularly encouraging, given that regulation of mortgage brokers, loan originators, and their affiliates (appraisal management companies and others) are disparately applied at the Federal and State levels. This has been a particularly vexing problem for appraisers, because complaints against these institutions oftentimes have no identifiable place to go. Regulation of mortgage brokers and loan originators will hopefully occur. Until meaningful regulation occurs, bringing the full oversight and enforcement power of the Federal Reserve through the penalties of the Truth in Lending Act, provides a major deterrence for coercive practices against appraisers. We welcome a climate that will penalize bad actors who violate the new provisions.

Our organizations thank you for listening to our concerns and suggestions, and applaud your swift adoption of the Final Rule. We particularly would like to thank Governor Randall Kroszner for his leadership on this issue.

We stand ready to work with you on these and other issues relating to real estate valuation going forward. Should you have any questions or need further assistance, please contact Bill Garber, Director of Government and External Relations, at 202-298-5586, [bgarber@appraisalinstitute.org](mailto:bgarber@appraisalinstitute.org) or Peter Barash, Government Relations Consultant, American Society of Appraisers at (202) 466-2221, [peter@barashassociates.com](mailto:peter@barashassociates.com).

Sincerely,

Appraisal Institute  
American Society of Appraisers  
American Society of Farm Managers and Rural Appraisers  
National Association of Independent Fee Appraisers

Cc: The Honorable Randall Kroszner, Board of Governors of the Federal Reserve