



# NATIONAL ASSOCIATION OF APPRAISERS

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*The Association for All Appraisers*

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November 2, 2011

Alfred Pollard  
**Federal Housing Finance Agency (FHFA)**  
1700 G Street, NW  
4th Floor  
Washington, DC 20552

Dear Mr. Pollard:

This letter is in reference to the changes to the Home Affordable Refinance Program (HARP) currently under consideration. The proposed changes are intended to provide borrowers whose mortgages are either owned or guaranteed by the GSEs with refinance options that would lower monthly payments. This would reduce the risk for Fannie Mae and Freddie Mac directly, as well as provide more stability to housing markets in general.

The National Association of Appraisers (NAA) would like to take this opportunity to provide its assessment of the proposal from a valuation prospective and to respectfully recommend long term actions that might be considered. A provision that is of most concern is the wording in the HARP Phase II document which is quoted as follows. “Where there is not a reliable AVM value, a new appraisal will be required.” NAA assumes that the GSEs—and many lenders—see a viable use for AVMs for the following reasons: 1) short turn-around times and 2) relatively inexpensive compared to appraisals. It is also assumed that the shortcomings of the AVM involve difficulties in assessing the subject’s: 1) market area, 2) highest and best use, 3) quality of construction and 4) condition. Certainly the latter is very critical for properties to be covered in HARP.

While the NAA recognizes that FHFA and the GSEs have considered both the advantages and shortcomings of the AVM, we consider it essential to reiterate them at this time. It is also crucial to formally encourage FHFA and the GSEs to exercise continued caution in permitting the use of AVMs or any other alternative valuation methods. No matter the sophistication of the alternative method the credibility of the value indication will always be less than optimal.

The NAA congratulates the FHFA for its assertive actions and achievements as conservator of the GSEs. Additionally, NAA stands ready to serve the FHFA by providing professional valuation assistance and counsel in any way it might.

Regards,

A handwritten signature in blue ink, appearing to read 'George R. Harrison', is written over a light blue horizontal line.

George R. Harrison, PhD, MAA  
President  
GH/2