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May 9, 2019

TO: Mr. Lyle Radke
Fannie Mae
Granite Park VII
5600 Granite Parkway
Plano, TX 75024

RE: Gaining Competency During an Appraisal Assignment

Dear Mr. Radke-

The National Association of Appraisers (NAA) is a nonprofit, 506c (6) association representing more than 1,500 appraisers across the country. We write today to propose a change to FNMA policy which would allow appraisers to gain competency during an appraisal assignment in alignment with the provisions of the Uniform Standards of Professional Appraisal Practice (USPAP).

As you know, USPAP allows appraisers to gain competency during an appraisal assignment with proper disclosure. The Fannie Mae Selling Guide, however, does not provide this flexibility and appraisers must already have the requisite knowledge and experience prior to completing an assignment for loans being sold to FNMA. In a time when the lending marketplace is seeking more efficiency in the valuation process, this restriction appears to be an unnecessary barrier to lending, particularly for properties in rural/underserved areas which often involve atypical property characteristic and/or scenarios involving atypical factors.

Gaining competency is a regular part of appraisal practice. An appraiser's education provides him or her the requisite basis for analyzing data from new and different markets, for interviewing marketplace participants, and other procedures for gaining an understanding of a market, property types, and other factors affecting marketability and value. It often happens that an appraiser knows precisely what additional steps are necessary to obtain the competency necessary to complete an assignment but chooses to decline the assignment due to the Selling Guide prohibition, thereby limiting the pool of appraisers available for such assignments. This causes delays to the lending process and adds unnecessary expense to consumers.

For Fannie Mae to allow appraisers to gain competency (i.e., to change the current policy), we propose that the "Knowledge and Experience" section of B4-1.1-03 be changed as follows:

Knowledge and Experience. Lenders must use appraisers that have the requisite knowledge required to perform a professional quality appraisal for the specific geographic location and

particular property type; and have the requisite knowledge about, and access to, the necessary and appropriate data sources for the area in which the appraisal assignment is located.

Fannie Mae allows appraisers to follow provisions set forth in the Uniform Standards of Professional Appraisal Practice (USPAP) related to gaining competency.

~~*Appraisers that are not familiar with specific real estate markets may not have adequate information available to perform a reliable appraisal. Although the Uniform Standards of Professional Appraisal Practice (USPAP) allows an appraiser that does not have the appropriate knowledge and experience to accept an appraisal assignment by providing procedures with which the appraiser can complete the assignment, Fannie Mae does not allow the USPAP flexibility.*~~

We believe alignment between FNMA policy and the Uniform Standards of Professional Appraisal Practice regarding competency will add efficiency and lower cost to the lending marketplace by increasing the pool of appraisers available to accept such assignments, particularly in rural/underserved areas, with no increase in risk to safe and sound lending practices.

Thank you for your consideration of our proposal and please feel free to contact us with any questions.

Sincerely,



Craig Morley
President, National Association of Appraisers