

March 10, 2025

To whom it may concern:

As your agencies begin the latest public comment cycle pursuant to the Economic Growth and Regulatory Paperwork Reduction Act of 1996 (EGRPRA) by focusing on regulations relating to Rules of Procedure, Safety and Soundness, and Securities, The Appraisal Foundation (TAF) appreciates this opportunity to offer observations on how various appraisal-related requirements protect the Deposit Insurance Fund (DIF) and promote a stable real estate marketplace.

Carveouts and Federally Related Transactions

Over the past three decades, multiple carveouts have significantly raised the de minimis threshold for Federally Related Transactions (FRTs), starting from \$250,000 in 1994 to \$400,000 for residential real estate, \$500,000 for commercial real estate loans originated by banks, and \$1 million for commercial real estate loans originated by credit unions today. According to the Appraisal Subcommittee, approximately 90% of mortgage originations may now be exempt from federal appraisal requirements under current carveouts. Given that FIRREA was passed to avert future financial disasters in the housing market and broader economy, these carveouts are the antithesis of what Congress intended. Carveouts directly threaten the Deposit Insurance Fund because there is no assurance that the opinion of value is being provided by a well-qualified appraiser following industry standards if most transactions are considered exempt.

In light of EGRPRA's purpose—to identify regulations that are outdated, unnecessary, or unduly burdensome—we respectfully suggest that the agencies revisit whether these broad carveouts have become outdated or inconsistent with FIRREA's original safety-and-soundness objectives, particularly since robust, credible valuations protect both consumers and the Deposit Insurance Fund.

Appraiser Independence and AMC Minimum Standards

We also note that other EGRPRA topics—particularly appraiser independence and appraisal management company (AMC) minimum standards—play a critical role in preserving safety and soundness. Robust independent safeguards ensure that appraisers can develop unbiased opinions of value, free from external pressures that could undermine loan quality or inflate asset values. At the same time, effective AMC standards bolster consistency, transparency, and accountability for that type of valuation product. Together, these frameworks uphold public trust in our nation's mortgage market and avert risk to the DIF.

As the agencies continue the EGRPRA review, we urge them to consider whether existing regulations on appraiser independence, AMC oversight, and threshold carveouts are effectively meeting their safety-and-soundness goals. The Appraisal



The Appraisal FOUNDATION

Authorized by Congress as the Source of Appraisal
Standards and Appraiser Qualifications

Foundation stands ready to provide further assistance in this process and appreciates your thoughtful consideration of these comments.

Sincerely,



Kelly Davids
President
The Appraisal Foundation