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RE: RIN 3064-AE87- Real Estate Appraisals

Robert E. Feldman, Executive Secretary
Attention: Comments/Legal ESS
Federal Deposit Insurance Corporation
550 17th Street NW
Washington, DC 20429

December 20, 2018

Dear Mr. Feldman, Executive Secretary,

Please do not raise the De minimis Threshold for Real Estate Appraisals \$400,000? The safety and soundness of our economy is again at stake.

When will we ever learn? Must history repeat itself again? Why do the American taxpayers deserve anything less than safe and sound financial practices?

Do you remember the article "Weak rules cripple appraiser oversight" written by Mitch Weiss of the Associated Press published in 2008? In December 2000 I wrote to the Appraisal Subcommittee warning of the impact of the pressure that was occurring from lenders, mortgage brokers and real estate agents that withheld business from appraisers who refused to inflate values, guarantee a predetermined value or ignore deficiencies in a property. Honest appraisers, were blacklisted in favor of those with a "rubber stamp."

Subsequently, we witnessed the greatest Real Estate and financial debacle in the United States during our life time and likely one of the greatest debacles of its kind in U.S. History. As a result of the debacle that notably began showing its impact in 2005 and the years that followed stemming with the financial crisis in 2008, many Banks, Savings and Loans, Builders, Realtors and Appraisers were adversely impacted and closed their doors forever. Many employees, contractors and subcontractors, lost their jobs, homes and life's savings. The cost to the American taxpayers, with a mortgage and credit crisis that ensued during this time was unprecedented.

In response, the Dodd-Frank Wall Street Reform and Consumer Protection Act reformed the Financial Institutions Reform, Recovery, and Enforcement Act of 1989. While the act did not cure all issues with Appraisals and lending it was a major step in providing and implementing language to deter the wholesale abuse of Appraiser's in the United States. It was clear by these actions that the need for safe and sound lending practices with Appraisers that are the "eyes and ears" of the lenders are the "boots on the ground" to observe, analyze and report an opinion of market value in an Appraisal Report by a Licensed and Certified Appraiser.

Clearly it has been the intent of Congress via the Appraisal subcommittee and its oversight of The Appraisal Foundation and our Nations Appraisers to provide Appraisals following a rigid set of requirements through the Uniform Standards of Professional Appraisal Practice at a bare minimum. The increase of the de minimis threshold being increased from \$250,000 to \$400,000, will, whether deliberate or not, undermine the safety and security of our financial institutions. The cost variation between an Appraisal versus an Evaluation may seem like a savings for an Evaluation up front, but the cost to the taxpayers and our economy by potentially less than adequately trained professionals will again be staggering.

We cannot afford to have anything less than a well-trained, seasoned professional Licensed and Certified Real Estate Appraiser to perform a credible Appraisal Report. There is no other profession trained to the degree as an Appraiser is, to perform the service of a Real Estate Appraiser and produce a credible Appraisal Report. Today's Appraisers are far more trained than any before. As a fourth generation Appraiser in the business for 41 years, from a family performing Appraisals for over 104

years, I know this better than most. A Real Estate Appraiser not only provides an opinion of market value conveyed in a credible Appraisal Report for our nation's lenders, but also conveys information as to the health and well being of the local real estate market, the condition of the subject property and many of the difficulties associated with the marketing of a specific property and its relation to the market in which it is located. No other professions serve in the capacity as unbiased professionals to the extent we do.

The further minimization of the Appraisal industry with a reduction in the De minimis threshold will negatively impact the Appraisal profession and further deter entry into the profession. The bulk of our Appraisers today are significantly underpaid for the service they perform, by reducing the need for an Appraisal, this will undermine a reasonable price for the Appraisal service. By doing so and deterring entry into the profession, you will further increase the likelihood of a shortage of Appraisers that will occur at some point in time into the future. The Appraiser is a continued necessity to safeguard the financial industry and perhaps in many cases to save it from itself.

If valuation services are performed by non-Appraisers that do not adhere to a strict code of ethics and training as required by USPAP and licensure requirements, what is it that they will adhere to? What enforcement mechanisms are there to prevent non-licensed individuals performing valuations that could be manipulated by those that hire them, without significant recourse?

I thought we learned this in the 1980's before the advent of FIRREA passed in 1989? Perhaps not, we will have to learn again? Why do the taxpayers have to keep getting punished so severely? I ask that you do not increase the De minimis threshold, if anything it should be reduced to 0. Why would we do anything less to protect our taxpayers, then to provide them with an Appraisal on every Real Estate loan made and on all servicing needs where a value is utilized as security or maintenance of any loan?

Thank you for taking the time to read my concerns, please continue to support the use of a Licensed and Certified Real Estate Appraiser. The process of observing, analyzing and reporting is something I am specifically

trained to do, we should not allow anyone else other a Licensed and Certified Real Estate Appraiser, adhering to USPAP to perform an Appraisal, for which a valuation outside of USPAP is not a substitute for. We've come a long way forward, through many difficult economic times, let's not go backwards. We do not need another housing default or banking failure.

Should you have any questions I would be happy to discuss the above with you. Feel free to call or e-mail me.

Respectfully yours,

Donald J. Martin, SCRCP, RAA, GAA, CDEI

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