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February 21, 2012

Monica Jackson
Office of the Executive Secretary
Bureau of Consumer Financial Protection
1500 Pennsylvania Avenue, NW (Attn: 1801 L Street)
Washington, DC 20220

Re: Docket No. CFPB-2011-0031, Truth in Lending (Regulation Z) Interim Final Rule

Dear Ms. Jackson:

I am writing on behalf of the 1.1 million members of the National Association of REALTORS® (NAR) to provide written comments on the interim final rule amending Regulation Z (Truth in Lending) as part of the efforts to transfer consumer financial protection laws to the Consumer Financial Protection Bureau (CFPB).

The National Association of REALTORS® is America's largest trade association, including its eight affiliated Institutes, Societies and Councils, five of which focus on commercial transactions. REALTORS® are involved in all aspects of the residential and commercial real estate industries and belong to one or more of some 1,400 local associations or boards, and 54 state and territory associations of REALTORS®. NAR has approximately 30,000 appraiser members from across the country and approximately 750 have earned our Residential Accredited Appraiser (RAA) and General Accredited Appraiser (GAA) designations.

In the interim final rule, page 77914 uses the term "realtor" as an example of where creditors might look for information on taxes and escrow fees. The term "realtor" is used to identify members of the National Association of REALTORS®. Because not all licensed real estate agents and professionals are members of NAR, the term "REALTORS®" should be replaced by the term "licensed real estate brokers or agents" or "licensed real estate professionals".

Membership or Lack of Membership in Appraisal Organization

NAR recommends that the CFPB prohibit basing an appraiser's compensation conditioned on membership in any organization. However, the CFPB should expand the definition of membership in a professional appraisal organization. The National Association of REALTORS® should be considered a "nationally recognized professional appraisal organization". As we mentioned above, we have approximately 30,000 appraiser members from across the country and approximately 750 have earned our Residential Accredited Appraiser (RAA) and General Accredited Appraiser (GAA) designations. Appraiser members of NAR who have earned these designations should receive the same treatment as those who have earned designations from other professional appraisal organizations.

Definition of Valuation

The proposed rule defines "valuation" to include an appraisal report prepared by an appraiser or an estimate of market value prepared by a real estate agent. NAR has supported the ECOA definition of "appraisal report" to include evaluations and valuation methods used, including broker price opinions (BPOs) when BPOs are used in



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extending credit for a consumer credit transaction secured by the principal dwelling of the consumer. While this is a broad view of “appraisal report”, NAR believes it is defined appropriately and provides greater protection for the consumer. Similarly, NAR recommends casting a broad net in defining valuation, including AVMs, for the final rule. This will ensure that the rule protects various valuation methods and applies broadly to acts or practices that compromise the independent estimation of value in the consumer’s principal dwelling.

Reporting Requirement

NAR believes that the reporting requirement should be applied regardless of impact on the assigned value. The assigned value of the dwelling should not be the sole criterion for determining a quality appraisal report. A failure to comply with Uniform Standards of Professional Appraisal Practice (USPAP) or with an ethical or professional requirement under applicable law or regulation may be completely unique to assigning an appropriate value to the consumer’s principal dwelling unit.

Definition of Appraisal Management Company (AMC)

According to FIRREA, the definition of an AMC is limited to entities that oversee a network or panel of more than 15 certified or licensed appraisers in a state or 25 or more nationally. NAR supports the broader definition of an AMC proposed in the interim final rule. Rather than focusing on the number of appraisers on a panel, the proposed rule considers the functions of an AMC including 1) recruiting, selecting, and retaining fee appraisers; contracting with fee appraisers; 3) managing the process of having an appraisal performed; and 4) reviewing and verifying work of a fee appraiser.

Disclosure of Fees

While NAR does not have a policy position on reasonable and customary fees we do support greater disclosure of fees to the consumer. In Mortgagee Letter 2009-28, the US Department of Housing and Urban Development (HUD) permits report to include the fee paid to the appraiser. Consumers typically receive a copy of the appraisal report. If the mortgage will be insured by the Federal Housing Administration the consumer will be able to compare the fee paid to the appraiser against the appraisal services fee listed on the HUD-1. NAR recommends that the Federal Reserve consider adopting similar rules for transactions involving a consumer’s principal dwelling where an appraisal is required.

Thank you for your time and consideration of this matter. If you have any questions or concerns, or if we may be of service to you, please do not hesitate to contact us or NAR’s Senior Regulatory Policy Representative, Jerry Nagy, at 202.383.1233 or jnagy@realtors.org.

Sincerely,



Maurice “Moe” Veissi
2012 President, National Association of REALTORS®