

Appraisal Institute[®]

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Legislative and Regulatory Outlook

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Highlights

- Appraisal exemptions and threshold levels
- Evaluations
- Validations
- GSE Reforms
- Appraisal regulatory modernization
- Other Hot Topics

Appraisal Threshold Levels

Residential Threshold Level

- Proposed increase to \$400,000
- Not consistent with EGRPRA Final Report
- Precludes S. 2155 rural appraisal allowance
- More than 90 percent of comments submitted in opposition
- Requires CFPB concurrence

NCUA Threshold Proposal

- NCUA proposed rule
- \$250,000 to \$1 million for non-residential (business and CRE)
- Regulatory relief and clarity
- Incorporates rural exemption
- Proposal under review

NCUA Threshold Proposal

- NCUA views business loans differently
- Business loan risk
- AI strongly objects

NCUA Threshold Proposal

- Ripple effect
- Pressure on regulatory agencies
- Regulatory bidding war

SBA Threshold Levels

- New law pegs to SBA 7a/504 to Agency CRE threshold level
- March 26 Policy Notice
- Looking ahead - Potential domino effect from NCUA proposal
- Appraisal would be optional in nearly all SBA loans

Evaluations

- Required where appraisals exempt
- Interagency Guidelines qualifications requirements
- USPAP requirements exceed
- Need flexibility for appraisers

Validations

Validations

- Prominence in interagency FAQs/Valuation Guidelines
- Shelf life of an appraisal
- Validation stress-testing concepts, opportunities

GSE Reforms

GSE Reforms

- Mandated update by FHFA
- Appraisal Modernization
- Data Collection/Forms Updates

GSE Appraisal Modernization

- GSE – AI Engagements
- Changes expected
- Bifurcated processes
- Duty to Serve

GSE Data Request/Forms

- UAD/Data Request Update
- Report Forms Update
- Expect more data requested and more agile/advanced forms
- Congress & White House – Housing Finance Reform

Appraisal Regulatory Modernization

Changing the Structure

- Trend shows need for change
- Last update in 1989
- Effect on appraiser population
- Appraisers negatively impacted by regulation

Changing the Structure

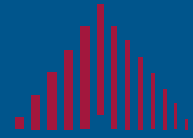
- Fewer appraisers
- Analytics
- Excessive regulation
- Increased costs

Possible Improvements

- One-stop shopping for appraiser licenses/renewals
- Reduce layering effect
- More meaningful oversight
- Bi-partisan support required to advance

Other Hot Topics

- Syndicated conservation easements
- Opportunity Zones
- Lease accounting



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Questions?

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