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Raleigh, NC 27613

May 11, 2011

Mr. Alfred M. Pollard
General Counsel
Federal Housing Finance Agency
1700 G Street, NW
Fourth Floor
Washington, DC 20552

Dear Mr. Pollard:

On behalf of the Executive Committee (EC) of the Association of Appraiser Regulatory Officials (AARO) it is my pleasure to take this opportunity to express our appreciation to you individually, the FHFA, Mr. Robert Murphy of Fannie Mae, and Mr. Mark Simpson of Freddie Mac for affording representatives of AARO the opportunity to attend a “train the trainer” seminar introducing the “Uniform Appraisal Dataset” (UAD) in Washington, DC on March 7, 2011. During the 2011 AARO spring conference in San Antonio, Texas, Mr. Simpson and Mr. Murphy presented introductory information to state regulators about the “UAD” and its intended use. We appreciate their willingness to do so. During both meetings, the AARO attendees applauded the efforts of FHFA to improve consistency within the appraisal reporting process. The attendees commented that although the forms will not change, the process of requiring consistent data entry within specific form fields will prove beneficial for the appraisers, clients, and other users of real property appraiser services.

While the AARO attendees at each of the above sessions understand that the development of the forms, the guidelines for completing the forms, and development of the UAD program are totally within the domain of FHFA, Fannie Mae and Freddie Mac, some concerns have been voiced about the program. The Executive Committee echoes the concern of individuals and groups, notably the Appraisal Standards Board (ASB), that the UAD program might result in the development and communication of an appraiser’s analysis, opinions and conclusions in a manner that is not meaningful and that may be misleading.

Appraiser regulatory agencies have no authority to promulgate the Uniform Standards of Professional Appraisal Practice (USPAP), while the ASB lacks the authority to enforce USPAP. Enforcement is the

responsibility of the state appraiser regulatory agencies by authority of state law and rules. We are particularly concerned about potential problems or complications with enforcement resulting from UAD. Given this responsibility, the Executive Committee of the AARO member jurisdictions urge the FHFA, Fannie Mae and Freddie Mac to understand that the state appraiser regulatory enforcement agencies, clients, intended users and other interested parties will continue to use the Fannie Mae and Freddie Mac preprinted forms, and the UAD process as a means of establishing regulatory compliance. It is important that Fannie Mae and Freddie Mac realize the forms and guidelines they adopt becomes the standard for appraisal reports performed for loan purchase decisions; therefore, the guidelines and policies, including the UAD will most likely become by default the basis for acceptance of appraisal development and reporting by other agencies and clients, and for other purposes outside Fannie Mae and Freddie Mac use.

The Executive Committee of AARO urges the FHFA, Fannie Mae and Freddie Mac to proceed with an abundance of caution before finalizing the development of the UAD and the accompanying policies, specifically Appendix D. AARO and its member jurisdictions stand ready to assist in any way we can with the development of this program.

If you have other questions or require additional information, please contact me.

Sincerely,

Ami Milne-Allen, President
The Association of Appraiser Regulatory Officials

cc: Mr. Edward DeMarco, Acting Director, Federal Housing Finance Agency
Mr. Robert Murphy, Director, Collateral and Single-Family Risk Policy, Fannie Mae
Mr. Mark Simpson, Collateral Risk Policy Director, Fannie Mae
Mr. Jim Park, Executive Director, The Appraisal Subcommittee