



MORTGAGE BANKERS ASSOCIATION

September 5, 2017

Mr. Jeffrey London
Executive Director, Loan Guaranty Service
U.S. Department of Veterans Affairs
810 Vermont Avenue, NW
Washington, DC 20420

RE: Shortage of VA Approved Appraisers

Dear Mr. London:

Pursuant to a roundtable in March, MBA and other industry stakeholders engaged in a robust conversation on various topics affecting the mortgage industry. One item of VA importance was the concern for the lack of VA appraisers and increased appraisal turn-times. The Mortgage Bankers Association (MBA)¹ would like to thank the U.S. Department of Veteran Affairs (VA) for working to improve the VA Loan Guaranty program. The industry commends the VA for their tireless commitment to veterans and providing them access to affordable, equitable, and safe housing. As the VA reviews MBA's policy considerations, which may decrease appraisal turn-times, we appreciate VA's attention to this matter.

VA's timely consideration of ways to improve the VA appraiser approval processes will ensure veterans have full access to this hard earned benefit. Currently, lenders experience delayed VA closings because of a shortage of VA-approved appraisers. Some states, such as Oregon, have very few appraisers. This delay may force veterans to choose other loan programs to meet certain deadlines or face other adverse outcomes.

Because of the lack of VA appraisers, a seller may opt for a non-VA contract when multiple offers exist. If the seller does accept the contract with VA loan terms, the postponement could result in an extension of the contract, penalty fees or loss of earnest money deposit by the Veteran. Should the sellers persuade the Veteran to not opt for a VA loan with 100 percent financing, the veteran then would have to come up with additional cash to close, sometimes upwards of 20 percent of the sales price. Both for purchase transactions and refinance transactions, these delays could result in loss of rate lock, which could then require additional fees or higher rates. Also, the higher rates could end up costing the

¹ The Mortgage Bankers Association (MBA) is the national association representing the real estate finance industry, an industry that employs more than 280,000 people in virtually every community in the country. Headquartered in Washington, D.C., the association works to ensure the continued strength of the nation's residential and commercial real estate markets; to expand homeownership and extend access to affordable housing to all Americans. MBA promotes fair and ethical lending practices and fosters professional excellence among real estate finance employees through a wide range of educational programs and a variety of publications. Its membership of over 2,200 companies includes all elements of real estate finance: mortgage companies, mortgage brokers, commercial banks, thrifts, REITs, Wall Street conduits, life insurance companies and others in the mortgage lending field. For additional information, visit MBA's Web site: www.mortgagebankers.org.

Veteran tens of thousands of dollars of interest payments over the life of the loan. The damaging impact to the veteran community is clear and the VA should act quickly. MBA strongly encourages the VA to review the appraisal process to remedy this shortage of VA appraisers.

Properly addressing the VA appraiser shortage will encourage more lenders to participate in VA lending. Thus, allowing veteran home buyers to utilize their VA home loan benefit. MBA offers the following recommendations to further improve VA's Loan Guaranty program, making it more effective and sustainable. If VA decides to update the VA appraiser processes, MBA recommends that VA consider the following:

- Create a virtual desktop appraiser to supplement the traditional appraiser process
- Allow a Property Inspection Waiver (PIW) for VA appraisals
- Find ways to attract new appraisers and increase interest in the appraisal industry
- Allow VA to utilize appraisal management companies when appointing appraisers via the VA portal
- Support the Appraisal Qualifications Board proposal to eliminate all college coursework for both licensed and Residential credentials

Opportunities exist to improve VA procedures for both VA homebuyers and lenders. MBA applauds the VA's consideration of updating their processes and reviewing industry policy considerations regarding the VA appraiser shortage. Should you have questions or wish to discuss these comments, please contact Tamara King, Vice President of Residential Policy and Member Engagement, at (202) 557-2758 or TKing@mba.org.

Sincerely,

A handwritten signature in black ink that reads "Stephen D. O'Connor". The signature is written in a cursive, flowing style with a long horizontal line extending to the right.

Steve O'Connor
Senior Vice President, Public Policy & Industry Relations