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Appraisal Institute applauds House passage of Mortgage Reform Bill

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The Appraisal Institute is applauding the U.S. House of Representatives for voting to adopt H.R. 1728, the Mortgage Reform and Anti-Predatory Lending Act of 2009, a bill that would eliminate a number of regulatory loopholes in the mortgage lending system and strengthen the appraisal regulatory structure. Having passed the House by a 300-114 vote, the bill will now be referred to the U.S. Senate Banking Committee where the timetable for its consideration has not yet been determined.

"Our organization would like to thank members of the House, the House Financial Services Committee and the hundreds of Appraisal Institute members who contacted their representatives in support for the passage of the Mortgage Reform Act," said Jim Amarin, MAI, SRA, president of the Appraisal Institute. "We believe the American public as well as the mortgage lending industry will benefit greatly from an approach that focuses on going back to basics, tougher enforcement, and sound collateral valuation policies and practices."

In testimony recently before the House Financial Services Committee, Amarin had presented lawmakers with a short list of reforms the Appraisal Institute believes are needed to protect the safety and soundness of mortgage finance system transactions. Featured in this bill is language that contains many favorable provisions for the appraisal profession that are consistent with many reforms recommended by the Appraisal Institute. These include, amongst other things:

- * Requirements for complete interior inspection appraisals for all subprime loans
- * Establishment of a federal appraisal independence standard with significant monetary penalties for violations;
- * Modernizing provisions of Title XI of FIRREA (enacted by Congress in 1989 to require certification and licensure for real estate appraisers) to provide additional resources for state enforcement and greater accountability of federal and state appraisal regulators;
- * Required separation and clear disclosure of fees paid to appraisers and fees paid for appraisal administration (i.e., fees paid to appraisal management companies);
- * Limitations on the use of broker price opinions in loan origination; and
- * Registration requirements, and a regulatory framework, for Appraisal Management Companies, with mechanisms to prohibit infiltration by appraisers sanctioned by state regulatory agencies.

"We are pleased with the actions taken in the House to curb abusive lending practices. This is a significant step in the right direction," noted Amarin.

The Mortgage Reform and Anti-Predatory Lending Act of 2009 was introduced in March by Reps. Brad Miller (D-NC) and Mel Watt (D-NC). To view H.R. 1728 as it was passed by the House Financial Services Committee, visit <http://www.appraisalinstitute.org/HR1728CommitteeReport.pdf>.

An additional amendment, with favorable changes to the appraisal sections was offered by

Financial Services Committee chairman Barney Frank (D-MA) on the floor of the House prior to the vote. To view the floor amendment as it was enacted, visit, <http://www.appraisalinstitute.org/HR1728FrankFloorAmendment.pdf>

For more information on H.R. 1728, and other legislative issues impacting appraisers, visit the Appraisal Institute's web site at www.appraisalinstitute.org/newsadvocacy/ or contact Bill Garber, director of government and external relations, at bgarber@appraisalinstitute.org.

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