

September 19, 2025

The Honorable William Pulte  
Director  
Federal Housing Finance Agency  
400 7th Street, SW  
Washington, DC 20024

Dear Mr. Pulte:

On behalf of the members of the National Association of REALTORS® (NAR), I submit this response to the request for input on *Proposed Collection; Comment Request: 'Minimum Requirements for Appraisal Management Companies (No. 2025-N-7)* and thank you for your efforts to improve the valuation process for residential real estate. NAR believes that robust data collection and accounting of the behavior of appraisal management companies (AMCs) is critical to appraisal independence and sound valuations. To this end, NAR urges the FHFA to improve the quality of data collected on the membership of AMCs' panels, the fees they charge, and the creation of an effective system for registering complaints by appraisers as well as whistle blower protections. Fannie Mae and Freddie Mac are both obliged under the appraisal independence requirements to monitor for violations and the data collection under 121 CFR 1222 is an opportunity to improve oversight and enforcement of this regulation.

The National Association of REALTORS® is America's largest trade association, including NAR's five commercial real estate institutes and its societies and councils. REALTORS® are involved in all aspects of the residential and commercial real estate industries and belong to one or more of some 1,200 local associations or boards, and 54 state and territory associations of REALTORS®. NAR represents a wide variety of housing industry professionals, including approximately 25,000 licensed and certified appraisers, committed to the development and preservation of the nation's housing stock, along with its availability to the widest range of potential homebuyers.

Access to credit is key to homeownership for most Americans, and most of those credit decisions depend on an appraisal. Many, if not most, appraisals obtained for home loan transactions currently involve an AMC in the process. REALTORS® believe that weak oversight and enforcement of AMCs' requirement to provide rationale for an appraiser's removal or reduced usage on a panel result in violations of appraisal independence and that appraisers should have a viable vehicle to lodge complaints with adequate whistle blower protections. Weak oversight and enforcement by Fannie Mae and Freddie Mac (the GSEs) and the Federal Housing Finance Agency (the FHFA) can impact the quality of service provided to the consumer and undermine the safety and soundness of the GSEs and the housing finance system.

### **Written Notice of Appraiser Removal from Network or Panel**

Under subpart A of 12 CFR part 1222, an appraiser is deemed to be part of an AMC's panel "as of the earliest date on which the AMC:

- Accepts the appraiser for the AMC's consideration for future appraisal assignments in covered transactions or for secondary mortgage market participants in connection with covered transactions; or

- Engages the appraiser to perform one or more appraisals on behalf of a creditor for a covered transaction or secondary mortgage market participant in connection with covered transactions.”

Furthermore, under subpart B of 12 CFR part 1222, an appraiser is deemed remain on the AMC's appraiser panel, “until the date on which the AMC: (1) Sends written notice to the appraiser removing the appraiser from the appraiser panel, with an explanation of its action;...The AMC would retain these notices in its files.”

NAR frequently hears examples from appraiser-members where AMCs either do not provide them with written explanation of their removal from a panel, or they see a decline or end to assignments from an AMCs without explanation. The former instance is a violation of the FHFA's 12 CFR part 1222. While not a clear violation, the latter example is a means for the AMC to affect appraiser behavior by limiting work. Thus, the open-ended nature of the AMCs' reporting requirement for appraisal panels may facilitate violations of appraisal independence.

While the FHFA and bank regulators share oversight of AMCs, and the ASC collects appraisal panel membership on an annual basis, the GSEs engage directly with the AMCs and are responsible for preventing violations of the appraisal independence requirements. The GSEs, could create repositories and reporting requirements to monitor the active membership of appraisal panels in the same manner that they monitor eligible seller servicers, private mortgage insurers, and the qualifications of condominium projects.


### **Whistleblower Protection**

The FHFA must improve the process for receiving and tracking the submission of complaints against appraisers and AMCs including systems processing, investigating, tracking, and monitoring all complaints. Neither GSEs currently maintains an adequate system. Historically, the number of complaints against AMCs has been very low. However, AMCs that act inappropriately, for instance violating the Appraisal Independence Requirements (AIR), may not be reported by the appraiser victims due to fear of negative repercussions including loss of work from the reported AMC. In fact, many of the comments submitted to the Appraisal Subcommittee's proposed rule on *Enforcement Authority Regarding the Effectiveness of State Appraiser and Appraisal Management Company Regulatory Programs* (ASC-2024-0022-0001) were posted anonymously by appraisers for that reason. Likewise, this concern is frequently voiced by REALTORS® and may result in the low incidence of AIR complaints to the GSEs.

NAR believes that appraisers should have a mechanism to voice AIR violations to regulators in an anonymous manner or with adequate whistleblower protection. While not applicable under 12 CFR part 1222 , NAR urges the FHFA to consider requiring a mechanism for complaint collection that includes whistleblower protections. With these protections in place, the FHFA and other regulatory agencies would have a clearer understanding of ongoing AMC practices and how to ensure compliance with existing laws.

### **Transparency in Third-Party Party Appraisal Fees**

Likewise, while not an obligation of 12 CFR part 1222, the FHFA should improve its efforts to oversee the AMCs that fall under 12 CFR part 1222. When appraisal fees are listed in the closing disclosure (CD), fees for third-party party appraisal management companies (AMCs) are bundled with them. This development came about because Congress gave the regulators



leeway in determining how this field was constructed.<sup>1</sup> Thus, the figure reported in the CD is an amalgam that masks the true cost of the appraisal and third-party fees paid by consumers. Worse, the opaque nature of the true appraisal fee prevents competition in the appraisal industry and inhibits regulators, analysts, and consumers' ability to evaluate price discovery for appraisal and AMC services.

This opacity opens the door to an adverse selection issue where AMCs may provide low quality or poorly matched appraisers without a market or regulatory mechanism to correct it. It also confounds the ability of regulators and the industry to determine whether appraisers' compensation is reasonable and customary as required under the §1026.42, the Valuation Independence Law.<sup>2</sup> Compensation that is not reasonable and customary may result in inadequate matching of qualified appraisers with assignments or incent appraisers to reduce quality to improve turnover. Either pattern could result in a reduction in valuation quality and threaten the GSEs' safety and soundness.

REALTORS® believe that for regulatory oversight and enforcement purposes, transparency, and market efficiency, fees charged by AMCs should be identified separately from those charged by appraisers. To this end, REALTORS® urge the FHFA to actively collect AMC fees through the new UAD 3.6. These fees can be analyzed for their adequacy and appropriateness based on the type of assignment and the experience of the appraiser, using annual appraisal volumes of that appraiser as a proxy for experience.

### **Further Collaboration**

Once again, thank you again for your efforts to support the nation's homeowners, the appraiser profession, and the quality of the valuation process. REALTORS® see opportunities to modernize oversight of the valuation process. If you have any questions or comments, please feel free to reach out Keisha Wilkinson ([KWilkinson@NAR.REALTOR](mailto:KWilkinson@NAR.REALTOR)), Senior Policy Representative.

Sincerely,



Kevin Sears  
2025 President, National Association of REALTORS®

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<sup>1</sup> See the use of the word “may” in Section 1475 of the Dodd-Frank Wall Street Reform Act. SEC. 1475. “The standard form described in subsection (a) *may* include, in the case of an appraisal coordinated by an appraisal management company...”. <https://www.congress.gov/111/plaws/publ203/PLAW-111publ203.pdf>

<sup>2</sup> <https://www.consumerfinance.gov/rules-policy/regulations/1026/42/>

