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DEPARTMENT OF BUSINESS AND INDUSTRY  
**REAL ESTATE DIVISION**

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April 23, 2008

Andrew Cuomo  
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McLean, VA 22102-3110

Office of Federal Housing Enterprise Oversight (OFHEO)  
James B. Lockhart III  
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4<sup>th</sup> Floor  
Washington, DC 20552

Gentleman:

We, the Nevada Commission of Real Estate Appraisers, have read and discussed the March 3, 2008 agreement between the above mentioned parties and would like to take this opportunity to comment on just a few of the provisions contained in that agreement.

First of all, we commend you all for turning your concerns about appraisal independence into proposed changes to the system that has perpetuated violations in this regard. Nevada was one of the first states in the Union to enact appraiser licensing in 1991. We thought it best to be a part of the solution; and we acted energetically to see that appropriate legislation was enacted.

Now that there is some form of appraiser licensure in effect in all states, we have state Boards or Commissions to oversee and enforce the standards as set down in the Uniform Standards of Professional Appraisal Practice (USPAP). The universal problem that these Boards and Commissions have is a lack of funding. Most, if not all, states are one to three years behind on hearing complaints right now because there is insufficient state money allocated to such activities.

We see this agreement setting up a national "clearing house" to redirect complaints to the state level; but there are limited resources available to process the complaints once they reach us. If this system is to work, the state regulatory agencies need financial assistance to do the job they are entrusted with and are well qualified to do. In addition to the possibility of funding in connection with this agreement, another possible source of funds could be in the form of grants from the Appraisal Subcommittee.

Although there will undoubtedly be unforeseen ramifications and unintended consequences of this agreement that can only be addressed as they emerge; at the outset, we are very concerned about including appraisal management companies (AMC's) and correspondent lenders among those who are impartial and unbiased when

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it comes to the appraisal process. In our experience, the opposite is often the case. AMC's need to perform well for their clients; and some elements of that performance test are turn-around time, frequency of 'call backs', competitive fees, and quantity of successful transactions.

In practice, there is really very little difference between correspondent lenders and mortgage bankers or brokers. Simply put, they are third party originators. Currently, the lender may transfer the origination of loans to a third party; but, in practice that does not transfer the lender's responsibility for the quality of such loans to another party. Some third parties will inevitably have other motivations that overshadow their concern about the quality of the loans.

Our major concerns are two-fold: there is insufficient funding at the state level to enforce the existing laws; and if AMC's and correspondent lenders are left in the mix of those who are to impartially orchestrate the appraisal process, the next bridge we must cross is how to regulate them.

We look forward to watching this agreement unfold and hope that we will be a meaningful part of the solution again at this major juncture for the appraisal profession.

Sincerely yours,

Pamela Kinkade, President  
Nevada Commission of Real Estate Appraisers

Cc: The Nevada Attorney General