

September 19, 2023

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To the OCC, FRS, FDIC, NCUA, and CFPB:

The undersigned organizations representing real estate industry and appraisal organizations collectively urge the agencies participating in the development of guidance on "Reconsideration of Value" (ROV) to recognize and adopt policies consistent with the U.S. Department of Veterans Affairs (VA) "Tidewater Initiative." We strongly believe this approach is pro-consumer, pro-appraiser, and pro-lender in its approach to addressing situations where indications suggest a home's value may be lower than the contract price.

The VA's Tidewater Initiative has existed for nearly two decades. It requires VA appraisers to contact the lender's point of contact (either in-house or third party) when the appraised value is indicated below the contracted sales price. A formal process is used by stakeholders to provide additional relevant information for the appraiser to consider; the appraiser retains ultimate decision making as to whether and how this information affects their opinion of value. This process has proven workable and effective at mitigating consumer concerns prior to completion of the appraisal – a critical distinction in how it affects the appraiser, lender, and borrower by providing opportunities to find solutions before a formal opinion of value is placed on the property.

Thus far, two proposals have been released by agencies involved in the Property Appraisal and Valuation Equity Task Force that fail to recognize benefits of the Tidewater Initiative. This is a missed opportunity to do something positive for consumers and the appraisal process and risks further frustrating consumers by creating differing ROV solutions based on which federal entity provides oversight of the lending product in use – something most consumers will not understand.

If issues stand in the way of integrating the protocols in broader ROV policies, we urge the PAVE member agencies to conduct listening sessions or hearings to identify paths forward. Our organizations have participated in several agency specific meetings where Tidewater has been discussed, and there is

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widespread support for mitigating concerns prior to completion of the appraisal, as Tidewater does. Tidewater only exists in the home purchase mortgage market and not in the refinance market, so a discussion could be helpful to develop consistent protocols around refinances. Some concerns have also been expressed about appraisal independence and consistency with appraisal standards. We believe these issues can be addressed with further coordinated discussion amongst agencies and stakeholders and collective action by the agencies within their existing regulatory authority.

We urge immediate attention by the agencies to improve current proposals by including this important consumer benefit in final ROV guidance.

Sincerely,

Appraisal Institute  
American Society of Appraisers  
American Society of Farm Managers and Rural Appraisers  
MBREA (Massachusetts Board of Real Estate Appraisers)  
National Association of Home Builders  
National Association of REALTORS®