



February 24, 2017

RE: House Bill 2501

Chair Holvey and Members of the House Committee On Business and Labor:

My name is Laurie Egan. I am an Oregon State Certified Residential appraiser, Oregon homeowner and Oregon taxpayer. During my 30 year career as a professional appraiser I have owned an appraisal firm, an appraisal management company (AMC) and served as Regulatory Compliance Officer of a federally regulated financial institution. I am currently the Director of a national appraisal firm with more than 50 staff appraisers located across the country and six here in the State of Oregon. I also presently serve on the Board of Directors of the National Association of Appraisers (NAA) as Immediate Past President and we would like to express our concern about House Bill 2501.

As proposed, this bill will have serious unintended consequences to Oregon home owners/home buyers, Realtors, mortgage lenders, appraisal management companies (AMCs), the Oregon Appraiser Certification and Licensure Board (ACLB), as well as appraisers themselves. While we are happy to be of assistance to find solutions, we are opposed to HB 2501 as proposed.

- Section 1 is unnecessary.
 - The 30-day payment issue was addressed with HB 2061 in the 2013 legislative session and all stakeholder groups agreed to a 45-day compromise.
 - The 30-day payment requirement created unintended consequences to consumers, Realtors, mortgage lenders, regulatory agencies, appraisers and AMCs.
 - We are aware of no reason this topic should be revisited.
- Section 3 is laden with unintended consequences.
 - While the intent of the bill may have been to provide state-level relief to homebuyers with regard to high appraisal fees and long “turn-times” for completion of appraisals; the language in Section 3 on page 1, line 29 does not solve the problem and, in fact, exacerbates it:
 - ***The board shall establish the payment rates...***
 - NAA completely understand the issue but this is simply the economic principle of supply and demand at work; there is a high demand for appraisal services and a low supply of appraisers to meet that demand at this time.
 - This is a temporary problem that will normalize when the market does – and is doing.
 - The language italicized above effectively sets not only a minimum but a *maximum* “rate” that an AMC could pay to an appraiser.
 - There is no law that can *force* an independent appraiser to accept an assignment at any specified fee.
 - If the “rate” set by the ACLB is not commensurate an appraiser’s independent judgment of his/her work-effort based on complexity, location, time frame, etc., he/she will simply decline the assignment altogether.
 - This would make it difficult/impossible to have appraisals completed at all - particularly in underserved/rural markets.
 - This would have a chilling impact on consumers either purchasing or refinancing Oregon homes as well as Realtors, mortgage lenders, etc.

- For the ACLB to set a *minimum* fee dictates that consumers would pay above-market fees for appraisals when market conditions normalize.
- There is little argument that the ACLB does and should have the authority to enforce the payment of customary and reasonable (C&R) fees as outlined in federal law, but under no circumstances do we feel that the Board should be in the business of *establishing* what C&R fees *are* through academic surveys or any other means; though, as previously stated, they should absolutely have the authority to enforce if an AMC's means of determining payment of C&R is invalid based on Federal law.
 - C&R is a complex issue and under federal law, there are two presumptions of compliance. The language proposed effectively eliminates the first presumption.

The National Association of Appraisers is an association of professional appraisers dedicated to the goals of elevating the appraisal profession and increasing the public trust in both the appraisal process and professional appraisers. HB 2501 has serious unintended consequences and while we are happy to work with all stakeholders to find solutions, we have no option but to strongly oppose this bill in its present form.

Thank you for your consideration of our comments and please feel free to contact me directly with any questions.

Laurie E. Egan, MAA, RAA
Immediate Past President
National Association of Appraisers
laurie@eganoffice.com
(503) 781-4857

