



NATIONAL ASSOCIATION OF REALTORS®

*The Voice For Real Estate®*

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March 12, 2010

The Honorable Timothy F. Geithner  
Secretary of the Treasury  
Washington, DC 20220

The Honorable Shaun Donovan  
Secretary of Housing and Urban Development  
Washington, DC 20410

Dear Secretary Geithner and Secretary Donovan:

I am writing on behalf of the 1.2 million members of the National Association of REALTORS® (NAR) to support the Home Affordable Foreclosure Alternatives (HAFA) program and the use of broker price opinions (BPOs). NAR is concerned about misinformation that has been provided to the Treasury Department by the Appraisal Institute with regards to the use of BPOs and the real estate agents who provide this service.

The National Association of REALTORS® is America's largest trade association, including NAR's five commercial real estate institutes, 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 1,400 local associations or boards, and 54 state and territory associations of REALTORS®. NAR also has approximately 40,000 appraiser members, many of whom retain our Residential Accredited Appraiser or General Accredited Appraiser designations.

NAR recognizes the need for flexibility in any mortgage modification or short sale program to ensure all parties are treated fairly and appropriately. The appraisal is a very important part of a purchase money mortgage transaction but may not be the best tool for other real estate transactions. In many cases a more appropriate and cost efficient measure is the broker price opinion. BPOs are completed by licensed real estate agents with a detailed knowledge and understanding of real estate pricing and local market trends developed through active participation in the listing, negotiation and sale of properties. This perspective offers a unique viewpoint that supports sound real estate decisions with accurate estimates of the value of real estate.

BPOs are widely accepted in the real estate industry due to their established reliability and accuracy. Title XI of FIRREA and the proposed Interagency Appraisal and Evaluation Guidelines both make clear that BPOs are appropriate in a wide range of circumstances. Fannie Mae and Freddie Mac permit BPOs in certain circumstances. The Federal Deposit Insurance Corporation (FDIC) and the Federal Reserve Board permit the use of BPOs in various programs they have adopted or proposed. BPOs are also accepted by banks, lenders, and all major loan servicers for a number of purposes.

The use of BPOs to analyze mortgage loan portfolios for risk management, due diligence and fraud detection purposes is an important part of today's mortgage lending industry. BPOs are likewise viewed as a valuable tool to assist lenders, loan servicers and investors in making decisions related to refinances, home equity loans, and secondary market transactions related to loan portfolios. The use of BPOs in these situations also benefits borrowers through increased efficiencies and reduced servicing costs.

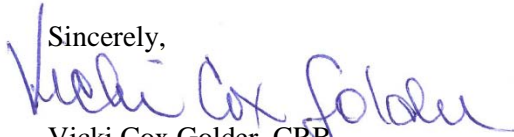
There is no evidence to support the assertion that appraisers are more or less likely to engage in mortgage fraud than real estate agents. Many of our members conduct BPOs and they must adhere to our rigorous Code of Ethics. The Code requires a REALTOR® to complete a BPO within a specified framework. Further, REALTORS® have a fiduciary responsibility to their clients and are required to perform their duties consistent with "the standards of practice and competence which are reasonably expected in the specific real estate disciplines in which they engage." Article 11. 2009 Code of Ethics, National Association of REALTORS.

While misconceptions in the industry persist, there is no evidence that a BPO exacerbates mortgage fraud or abuse. One study specifically mentions property valuation fraud, which occurs when property values are manipulated to create equity that can then be extracted from loan proceeds Mortgage Fraud Risk Report, Q4 2009, Interthinx, p. 8-10. [http://www.interthinx.com/pdf/09\\_Q4MFRI\\_FNL.pdf](http://www.interthinx.com/pdf/09_Q4MFRI_FNL.pdf). However, the study does not consider the method of valuation used for transactions that may be fraudulent.

Likewise, the assertion that at least 23 states limit BPO use to assisting buyers or sellers in establishing a listing or offering price for a property is simply incorrect. We urge you to examine the relevant state statutes and not accept this argument at face value, as we believe the use of BPOs for short sale and other purposes is clearly permissible in most, if not all, states.

Thank you for your time and consideration of this matter. If you have any questions or concerns, or if I may be of service to you, please do not hesitate to contact me or our Senior Regulatory Policy Representative, Jerry Nagy, at 202.383.1233 or [jnagy@realtors.org](mailto:jnagy@realtors.org).

Sincerely,



Vicki Cox Golder, CRB  
2010 President  
National Association of REALTORS®

Cc: The Honorable David H. Stevens, Undersecretary for Housing – FHA Commissioner  
Mr. Michael Barr, Assistant Secretary for Financial Institutions, U.S. Treasury  
Mr. Herbert Allison, Assistant Secretary for Financial Stability, U.S. Treasury  
The Honorable Barney Frank, Chairman, House Financial Services Committee  
The Honorable Spencer Bachus, Ranking Members, House Financial Services Committee  
The Honorable Christopher Dodd, Chairman, Senate Banking Committee  
The Honorable Richard Shelby, Ranking Member, Senate Banking Committee