



MORTGAGE BANKERS ASSOCIATION

September 12, 2022

The Honorable Nancy Pelosi
Speaker
U.S. House of Representatives
H-232, The Capitol
Washington, DC 20515

The Honorable Kevin McCarthy
Minority Leader
U.S. House of Representatives
H-204, The Capitol
Washington, DC 20515

The Honorable Mark Takano
Chairman
Committee on Veterans' Affairs
U.S. House of Representatives
364 Cannon House Office Building
Washington, D.C. 20515

The Honorable Mike Bost
Ranking Member
Committee on Veterans' Affairs
U.S. House of Representatives
1211 Longworth House Office Building
Washington, D.C. 20515

Dear Speaker Pelosi, Leader McCarthy, Chairman Takano, and Ranking Member Bost:

On behalf of the Mortgage Bankers Association¹ (MBA), I am writing to share the real estate finance industry's views regarding H.R. 7735, the *Improving Access to the VA Home Loan Benefit Act of 2022*, that is scheduled to be considered by the full House of Representatives under suspension of the rules later this week.

MBA supports approaches to modernize and streamline the homebuying process for our nation's veterans, including efforts related to home appraisals. While the role of mortgage lenders in the appraisal process is limited by design, MBA and its members are committed to collaborating with policymakers and other stakeholders, including appraisers, to develop solutions that ensure borrowers receive a timely and accurate estimate of the value of their home.

Improving the process by which appraisals for loans guaranteed by the Department of Veterans Affairs (VA) are conducted holds the potential to lower costs for veterans seeking to buy a home and make their offers more attractive in a highly competitive housing market. Reforms that achieve these objectives will generate access to more affordable, sustainable homeownership opportunities for active and retired servicemembers throughout the country.

¹ The Mortgage Bankers Association (MBA) is the national association representing the real estate finance industry, an industry that employs more than 390,000 people in virtually every community in the country. Headquartered in Washington, D.C., the association works to ensure the continued strength of the nation's residential and commercial real estate markets, to expand homeownership, and to extend access to affordable housing to all Americans. MBA promotes fair and ethical lending practices and fosters professional excellence among real estate finance employees through a wide range of educational programs and a variety of publications. Its membership of more than 2,000 companies includes all elements of real estate finance: independent mortgage banks, mortgage brokers, commercial banks, thrifts, REITs, Wall Street conduits, life insurance companies, credit unions, and others in the mortgage lending field. For additional information, visit MBA's website: www.mba.org.

H.R. 7735, originally introduced by Rep. Mike Bost (R-IL), would encourage important reforms to the VA's requirements regarding when an appraisal is necessary, how appraisals are conducted, and who is eligible to conduct an appraisal. By directing the VA to examine updates to its existing rules and program guidelines, the legislation is an important first step towards broad modernization of VA appraisal processes.

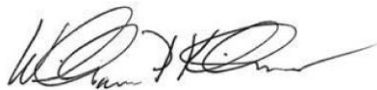
The legislation directs VA to review appraiser certification requirements. Given the significant shortage of appraisers across the country, this review will provide an opportunity to responsibly expand the list of those eligible to conduct appraisals for VA-guaranteed transactions. This process improvement, in turn, should address delays in appraisal turn times and alleviate home seller concerns about borrowers using VA loans.

H.R. 7735 also would encourage VA to provide more clarity regarding its Assisted Appraisal Processing Program, which supplements the traditional appraisal process and has the potential to lower costs and reduce turn times by permitting individuals other than appraisers to collect property information. This is a promising alternative to traditional appraisals, though lenders and appraisers need additional guidance for it to achieve its full benefits. The legislation would direct VA to revisit its policies on minimum property requirements, the selection and review of comparable sales, and quality control measures – each of which could streamline the appraisal process and encourage broader participation in the VA Home Loan program. These process improvements would further reduce hurdles to home sellers accepting offers from borrowers using VA loans.

Finally, H.R. 7735 provides an opportunity for VA to explore the use of waivers or other alternatives to traditional appraisals (such as desktop appraisals or expanded use of Automated Valuation Models). While the agency will determine whether such alternatives are appropriate for VA-guaranteed lending, this analysis can be a key component of modernizing its processes to create an improved experience for veteran homebuyers.

For all the foregoing reasons, MBA strongly supports H.R. 7735. We appreciate this specific effort to address housing-related issues impacting our nation's veterans and urge all House Members to vote "Yes" for this important proposal. We look forward to future efforts to help make the VA Home Loan program as efficient and effective as possible.

Best regards,



Bill Killmer
Senior Vice President
Legislative & Political Affairs

cc: The Honorable Mike Levin
The Honorable Barry Moore
All Members, U.S. House of Representatives