

April 9, 2018

The Honorable Arthur Lindo
Chairman, Appraisal Subcommittee
1401 H Street NW, Suite 760,
Washington, DC 20005

Chairman Lindo:

We are writing to express our strong opposition to the waiver request sought by TriStar Bank, and believe not only that there is **NO** shortage of appraisers in the Nashville MSA which TriStar lends in, but that the broad impact of the granting of a waiver in this MSA would be catastrophic¹ in its impact to the overall safety and soundness of the underlying lending transactions and the broader public trust. We urge the Subcommittee to deny TriStar's application.

The potential impact of this waiver request can be seen not only in the record of public comments received during this notice and comment period, but in the 37 informal responses the Subcommittee received once word spread about the waiver request. Not only were these comments uniformly opposed to TriStar's claims², they exposed the fact that many certified general appraisers stand ready to complete appraisals for TriStar if asked³. Moreover, several affirmatively approached TriStar and offered their services, only to be brushed off by TriStar⁴.

Also telling is the complete absence of support for TriStar's waiver in the informal comments by any other lenders in the Nashville MSA⁵. If there was such a dearth of state credentialed appraisers, it would be expected to see an outpouring of similar requests from the same area⁶. Instead, TriStar stands alone as the only lender incapable of fulfilling the volume of appraisal orders needed to support their lending activities⁷. One would expect, at a minimum, that TriStar would have exhausted all of their options in obtaining appraisals from competent appraisers before ever requesting this waiver.

Not only that, but from the time of its initial communication to the Subcommittee until the commencement of this notice and comment period, it took TriStar nearly four months to perfect its

¹ See Informal Comment 2, Email of Creighton Cross, MAI: "[C]atastrophic for our State, the public and the communities in which this request has been submitted."

² Of the 37 informal comments, 32 opposed the waiver request, while 5 took no discernable position.

³ Twelve informal commenters indicated they were willing to take on assignments from TriStar.

⁴ Eight informal commenters either reached out to TriStar or had previously completed work for TriStar, but have not heard from TriStar on any subsequent assignments.

⁵ In fact, no informal commenter voiced support for the waiver request.

⁶ See Informal Comment 3, from an anonymous MAI/SRA owned appraisal firm in the Nashville MSA, which believes there is an "oversupply of commercial appraisers in the Middle Tennessee market." See also Informal Comment 7, Letter from Rex Garrison, MAI, AI-GRS, stating from his analysis that TriStar has "access to 40.65% of all resident Certified General Appraisers in Tennessee, or 174 General Appraisers."

⁷ See Informal Comment 28, an anonymous email: "Proper internal appraisal management strategies should be the solution not waivers of appraisals." See also Informal Comment 26, Email of Julian Lightle: "How could there be a limited number of appraisers available to perform assignments for a specific institution?"

waiver request⁸. The lack of urgency on TriStar's behalf to properly seek waiver relief stands in stark contrast to its claims of an appraiser shortage drastically hampering its lending activities in its market area. If, as TriStar claims, it was so hamstrung by an appraiser shortage then why delay in seeking relief from the appraiser requirements in the first place? TriStar's own actions are at odds with the claims they raise in their waiver request – not unlike their seeming indifference toward adding willing certified general appraisers to their panel⁹, or contacting those they've used previously to meet its needs¹⁰.

As was noted in the letter from the Tennessee Real Estate Appraiser Commission, there is no shortage of certified general appraisers able to serve the Nashville MSA – 126 to be exact¹¹. From the informal comment letters, there are numerous appraisal firms and sole proprietors who are willing to provide their services to TriStar immediately, and many more who could be sought out as part of the total appraiser supply. Even in the worst case scenario, there is no evidence that TriStar even considered less drastic steps, such as finding appraisers from neighboring jurisdictions who could come in under either Temporary Practice Permits or Reciprocal Licensing and augment the appraiser supply. Without having made a good faith effort to exhaust its options, TriStar instead has chosen to seek a waiver that – before even reaching the formal notice and comment period – seems nakedly unwarranted on its face.

In short, there is **NO**¹² shortage of certified general appraisers in the Nashville MSA, and an abundance of professionals willing to work for TriStar in spite of their stated disdain for the time and cost associated with an appraisal. These facts were clearly established for the Subcommittee in the informal comments received even before the formal notice and comment process began, and should have been sufficient for the Subcommittee to deny TriStar's waiver request out of hand.

⁸ Numerous informal commenters noted that, in its initial letter, TriStar had failed to “fully and accurately” state the facts and circumstances supporting its waiver request. See Informal Comment 10, Letter from Numerous Appraisal Organizations; Informal Comment 23, Letter from Gregory Glover, IFAS, AGA; Informal Comment 333, Letter from Timothy Hogan, IFAS, SCGREA RG. Also noted in Informal Comment 10 is that TriStar's original letter sought relief from the requirement to obtain appraisals, not from the use of appraisers.

⁹ Multiple informal commenters have made efforts to be placed on TriStar's appraiser panel. See Informal Comment 3 (reached out to both TriStar and its AMC, and did not hear back); Informal Comment 5, an anonymous email (who walked into a TriStar branch and spoke with staff about their availability to perform assignments; this individual provided all requested materials and had not heard back); Informal Comment 8, Letter of Michael Tankersley, MAI, SRA, AI-RRS, ARA, R/W-AC (on his attempts to get on TriStar's panel two year before his comment: “I never received a response back from TriStar Bank.”; “If there was an appraiser shortage, I would expect to be contacted on a regular basis...that scenario is rare.”); Informal Comment 13, an anonymous email (asked about being placed on TriStar's approved list, and received no response);

¹⁰ None of the informal commenters who had previously performed assignments for TriStar indicated they had received negative feedback about any of the services provided to TriStar that would suggest a reason for TriStar not to use them again. See Informal Comment 18, Letter from Ted Boozer, MAI (completed 5 prior assignments, no negative feedback); see also Informal Comment 19, an anonymous letter (completed an assignment in 2015 for TriStar with no negative feedback).

¹¹ Other informal commenters reached similar numbers using different defined search parameters. See Informal Comment 7, which cites access to 174 Certified General appraisers. See also Informal Comment 8, which used the Appraisal Institute's Find an Appraiser tool to find 102 MAI designees, who would be eligible to provide commercial appraisal services in the Nashville MSA.

¹² See Informal Comment 12, Letter from the American Guild of Appraisers: “[T]he claim of...shortage is unsupported hyperbole.”

For these reasons, the Subcommittee must deny TriStar's waiver request. If you have any questions or wish to discuss our views further, please contact either John D. Russell, JD, Senior Director of Government Relations and Business Development for the American Society of Appraisers at jrussell@appraisers.org, or by phone at 703-733-2103, or Bill Garber, Director of Government and External Relations for the Appraisal Institute at bgarber@appraisalinstitute.org, or by phone at 202-298-5593.

Sincerely,

American Society of Appraisers
American Society of Farm Managers and Rural Appraisers
Appraisal Institute
Appraiser's Coalition of Washington
California Coalition of Appraisal Professionals
Coalition of Appraisers in Nevada
Coalition of Arizona Appraisers
Illinois Coalition of Appraisal Professionals
Louisiana Real Estate Appraisers Coalition
Maryland Association of Appraisers
Michigan Coalition of Appraisal Professionals
Mississippi Coalition of Appraisers
National Association of Independent Fee Appraisers

New York Coalition of Appraisers
North Carolina Real Estate Appraiser Association
Northern Colorado Association of Real Estate Appraisers
Ohio Coalition of Appraisal Professionals
Oklahoma Professional Appraisers' Coalition
Real Estate Appraiser's Association, California
Real Estate Appraisers of Southern Arizona
Rhode Island Real Estate Appraiser Association
South Carolina Professional Appraisers Coalition
Tennessee Appraiser Coalition
United Appraisers of Utah
Virginia Coalition of Appraiser Professionals
West Virginia Council of Appraiser Professionals

CC: Richard Taft, Vice-Chair, Appraisal Subcommittee
Maria Fernandez, Member, Appraisal Subcommittee
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Veronica Spicer, Member, Appraisal Subcommittee
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Cheryl Walker, Member, Appraisal Subcommittee
Jim Park, Executive Director, Appraisal Subcommittee
Alice Ritter, General Counsel, Appraisal Subcommittee