

From: Collin College, Scott Drescher  
Proposal: 1411 (Ver 2) (RIN 7100-AD70) - Credit Risk Retention  
Subject: Credit Risk Retention

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Comments:

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Proposal: Credit Risk Retention [R-1411]  
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Your comment: Briefly, it seems advisable to continue to allow the Agencies' automated systems (AU) to waive the requirement for an appraisal when the AU measures the valuation internally and the loan is otherwise extremely low risk. As it stands, loans with an appraisal waiver require a 20% down payment. Although appraisal waivers are not extremely common, many high-quality loans with values that are easily estimated through Agency AU save time and money without default risk to the Agencies. The AU systems have access to vast amounts of market data through the pervasive penetration in the market that the Agencies historically have. Therefore, the AU estimate of market value of a property is based on extremely detailed and exhaustive criteria. Furthermore, there are no studies that show that there is any causality between AU appraisal waivers and the credit crisis, harm to consumers, harm to the Agencies' portfolios, or any other problems in mortgage lending. QRM needs to have safeguards to protect consumers and the lending community but removing the flexibility to use the Agencies AU to waive appraisals will not improve it.