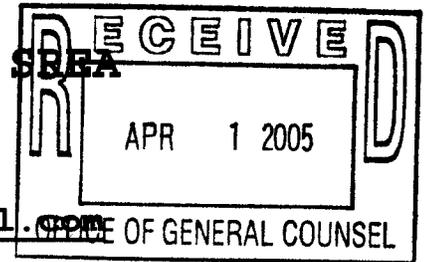


ROBERT H. GERHARDT, MAI, SBA
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(478) 474-7086 rhgerhardt@aol.com



April 1, 2005

Mr. Alfred M. Pollard
General Counsel
Attention: Comments/RIN 2550-AA31
Office of Federal Housing Enterprise Oversight
Fourth Floor
1700 G Street, NW
Washington, DC 20552

Dear Mr. Pollard:

In response to your request for comments on the above-referenced proposed rule, please be advised I have developed a detection method, which, if used properly, would suffice the requirement of Section 1731.5 for single-family residential mortgage fraud due to overvaluations (as opposed to identity theft, fraudulent loan applications, etc.). An Automated Valuation Model (AVM) for Bibb County, Georgia (www.gahomevaluation.com) identified 250 mortgage fraud sales over a two-year period. This amounted to almost five (5%) percent of all residential sales within the county. After supplying these "sales" to the local District Attorney's Office for further investigation, that office has successfully convicted twenty-six (26) defrauders and have four (4) more indicted and awaiting prosecution. Such models can be developed by local appraisers throughout the country for their particular market area and with the cooperation of Fannie Mae/Freddie Mac, a national network of local Automated Valuation Models (AVMs) could be readily established via the Internet.

If the network was used proactively by lenders/Fannie Mae/Freddie Mac early in the mortgage loan process, the local AVMs would identify the inflated appraisal mortgage fraud loans as outliers and negate them from ever becoming closed sales, thus eradicating this type of mortgage fraud. This internet-based system of local AVMs could simultaneously be used to

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Mr. Pollard

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minimize lender pressure due to its objectivity, which would offset the next most important problem after mortgage fraud, ie. moderately inflated appraisals caused by lender pressure. Since the cost of a local AVM is generally half that of an appraisal and its turnaround time is less than 24-hours, it also solves the cost and turnaround time problems. Although generally only a problem in the winter for some parts of the country, valuation delays due to inclement weather would be nonexistent with local AVMs.

Since this concept is a paradigm shift within the appraisal profession, I have included with this letter an original article entitled *The Econometrics of Residential Real Estate*, which explains the statistics involved in developing a local AVM. I have also written a 48-step how to guide, which could be disseminated via the Internet to those progressive appraisers (now econometricians) who would be interested in a national network.

Thank you for the opportunity to comment on RIN 2550-AA31. I applaud your effort to eradicate mortgage fraud and hope that I may assist you in that cause.

Sincerely,

Robert H. Gerhardt, MAI, SREA
Georgia Certified Appraiser #109

RHG/rhg
Enclosures

Turner, Jacqueline

From: RHGerhardt@aol.com

Sent: Friday, April 01, 2005 12:13 PM

To: RegComments@ofheo.gov

Subject: RIN 2550-AA31

Mr. Pollard, Attached is a copy of a letter mailed to you today containing my comments on the above-referenced proposed rule, specifically referring to Section 1731.5. Thank you, Robert H. Gerhardt, MAI, SREA

4/1/2005