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Department Of The Treasury
Office Of Comptroller Of The Currency
Office Of Thrift Supervision

Federal Reserve System

Federal Deposit Insurance Corporation

National Credit Union Administration

Department Of Housing And Urban Development

I would like to offer the following solution to residential appraisal problems in the future. I have been appraising primarily residential properties for almost 30 years. I have appraisal and real estate teaching permits here in Florida and I am a certified USPAP Instructor through The Appraisal Foundation.

First of all there are 2 types of "bad" appraisers: either ignorance (stupidity) or fraudulent appraisers. My plan will eliminate both.

Since January 1, 2008, appraisers are now considered to be professional. Look up definition.

My plan is for a fee roster of appraisers operated by HUD/FHA or a new agency and this agency is self funded, not at taxpayer expenses. Assignments are given on a rotational basis. When a lender orders an appraisal they remit \$100.00 (all fees are subject to change by locational characteristics), The basic appraisal fee to the appraiser is \$1000.00. The appraiser contributes 20% of appraisal fee for quality control and agency funding. At least 20% of all appraisals are reviewed. Any appraiser that does not meet a minimum score/grade on submitted work would pay additional fees for and incremental increase in reviews of his or her work. At a certain point in time if they still produce substandard appraisals the appraiser is removed from the fee panel. Fraudulent appraisals would be submitted to the appropriate states for prosecution.

We do not need hundreds or even thousands of appraisal management companies owned by lenders & appraisers raping the appraisers on the fees. Appraisers should be paid on the time, difficulty and liability in producing a credible opinion of value. This rotational basis eliminates pressure from lenders on appraisers and over a short period of time removes "bad" appraisers from conventional residential lending process.

In a typical \$250,000.00 residential sale the listing broker and selling broker split \$17,500; loan originator gets from \$4,000.00 to \$8,000.00. The appraisal management company gets \$500.00, sends the appraiser \$250.00. The appraiser is the only person in the transaction with any liability.

In my plan, the appraiser has 10 business days to complete the assignment. This affords the appraiser adequate time for research, inspection & verification. Many appraisers do not verify their data due to laziness and sometimes time constraints. SR 1-4 of USPAP requires appraisers collect, analyze & verify data. This means they need to effectively communicate with someone that had intimate knowledge of the property & the transaction. Many residential appraisals that I review do not have any verification at all. Adjustments were made using the SWAG & PFA Methods of appraising. (Scientific Wild Ass Guess or Plucked From Air) Neither is an acceptable method.

If the appraisal is difficult, waterfront, mountain view, acreage, large in size, income producing, etc., the fee would increase to reward the appraiser for the extra work and liability.

Please give this careful consideration. Quality appraisers are out there, so are fraudulent and poor quality appraisers.

If I can be of any service, please do not hesitate to have someone contact me:

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Sincerely,

Alton L Jarman

Sent via email & US Postal Service