From: "Sherry Rivera" <mortgagelady500@gmail.com> on 04/28/2008 03:05:02 PM

Subject: Regulation Z

My borrower has a Home Equity with Citi now. They unexpectedly cut his line of credit to the used portion citing a drop in home values ($150,000 to $58,000). In fact they did this retroactively. He got a letter stating that 5 days before his line had been cut. It does not seem either ethical or legal to break an agreement as they have done however....

Now he has the option of paying for a new appraisal through a "service" in order to establish current value. This appraisal for a one family is $575. In this area, the average price for such an appraisal is $325-$375. What has been done is to create a middle man position who is earning money on the backs of the borrower. This is undoubtedly what will happen in January when brokers can no longer order their own appraisals. This RAISES yet another cost for the borrower.

Make no mistake this will happen and the "services" will deliver values to the lender that they are told to do.
They may be "low balling" the values for a while. The values will be whatever the lender directly or indirectly lets these services know that they want.

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