

From: Jeffrey Baird  
Subject: Regulation Z -- Truth in Lending

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Comments:

From: Jeffrey Baird  
To: Jamie Z Goodson  
Date: 04/18/2011 01:47 PM  
Subject: Re: The Appraisal management compaines are ignoring Dodd Frank law

Please reclarify presumption one to include the verbage "Fee studies shall exclude assignments ordered by known appraisal management companies". Also state that using Fee studies from known appraisal management companies is not acceptable way of determining customary and reasonable fees.

Here is the verbage of the law that matters:

Lenders and their agents shall compensate fee appraisers at a rate that is customary and reasonable for appraisal services performed in the market area of the property being appraised. (The intent of the law)

Evidence for such fees may be established by objective third-party information, such as government agency fee schedules, academic studies, and independent private sector surveys. (How to execute the law)

(The "may" does not mean you can pick any method you would like to come up with an appraisal fee)

(In Fact the law states acceptable ways of coming into compliance)

Fee studies shall exclude assignments ordered by known appraisal management companies. (The exclusion and the obvious target of the law) .

Important Points:

- The C&R provisions in Dodd-Frank specifically excluded the use of AMC fee splits as a measure.
- There's nothing in the Interim Final Rule that contradicts that exclusion and there's especially nothing in the IFR that "specifically includes AMC fees" as being equal to C&R as a couple of them have claimed.
- Further, there's no reason for any AMC to claim ignorance of the prevailing appraisal fees for the different regions in which they operate. There are existing fee schedules for VA and ERC panels as well as at least well-known two third party surveys conducted by businesses that are not engaged in either appraisal practice or appraisal management.

It is my assertion that there is no language in the "Presumption 1" paragraphs

that indicate that either Congress or the Board intended to allow the AMCs to include their own fees or those of other AMCs as the basis for reasonable or customary appraisal fees. We believe it is obvious that the term:

"...recent rates paid for comparable appraisal services..."

as stated in Presumption 1 \*is not\* synonymous with, nor should it be interpreted as:

"...recent rates paid by AMCs for comparable appraisal services..."

Yet the attorneys at the Fed through presumption one having giving the less than ethical Appraisal Managements companies a wrong interpretation of the law that they believe allows them to continue the status quo of hiring the cheapest and lowest quality appraiser. This also undermines other Appraisal Management Companies who are paying customary and reasonable fees in compliance with the the law.