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Docket No. R-1394 and RIN No. AD-7100-56 I am a Certified Residential Appraiser licensed in the state of Illinois. I am identifying myself as anonymous due to the fact that if my name was to be associated with this letter I most likely would be "black listed" by any AMC that was able to identify me. Speaking out against the AMC's, who basically run the residential mortgage industry at this time, is a death sentence to an appraiser. I am unable to take that risk as it has become an almost impossible task to meet the monthly and daily financial demands of my wife and three children due to a devastating loss of work. For more than 10 years I have worked to make a name for myself as a professional appraiser who can be trusted with a number of lenders in the residential mortgage industry. I worked very hard for this and actively networked with mortgage professionals that allowed me to demonstrate my abilities and was rewarded for my efforts and professionalism. Both I and my clients felt confident in and stood behind each and every report I provided. This was not done by me "hitting values"! This was done by an ethical appraiser who found ethical clients that wanted real values to make real loans. I also had regular, almost daily, calls from less than ethical mortgage lenders that were only out to "hit numbers" and promised a lot of work if I played along. I was unwilling to do this therefore I never had any inflated values on my conscience. I feel very good about that. To say it is the fault of the appraiser or loan officers is very wrong and misguided. All appraisals go thru an underwriter who has the final say if the value looks ok. No matter what value an appraiser puts on a house that loan will not be made solely on the word of an appraiser or loan officer. ALL other personnel involved in a mortgage loan dropped the ball. Overnight with the implementation of the HVCC all my hard work disappeared. If I want to continue to work I am forced to accept work at half or less than half of what I was getting prior to the HVCC. I am forced to complete reports in less than half the time it realistically takes and "jump thru hoops" for people that do not understand what they are doing. I am currently getting paid \$150-\$175.00 per report that I used to get \$300.00 for. I am required to do it faster with additional requirements that have nothing to do with a

quality appraisal and every thing to do with an AMC trying to cover its own interest if something "should go wrong". The FRB lacks the authority to restrict compensation. Moreover, the testing for this rule was seriously flawed and limited. The rule picks winners and losers, in that it eliminates competition, which increases costs for consumers and creates more business failures for small business. In addition, with the passage of the Dodd-Frank Wall Street Reform Act, the FRB should have withdrawn their proposed rule, instead of finalizing it. This action by the Fed, showed a complete disregard for

Congress and gives support to those who believe the FRB is a secret agency, who acts without oversight. Real estate loans should be completely free from the influence of interested parties, like the bankers and mortgage brokers and investors. The present regime where the interested parties control the whole process from beginning to end, including Appraiser remuneration makes a joke of the so called "freedom of the gatekeeper's independence." Many big banks are owners of the biggest Appraisal Management Companies, or are partners and shareholders, such as Chase and eAppraiseIT, or Wells Fargo and its AMC, or Bank of America and its AMC. How does the Appraiser stay free to give unvarnished opinion when payment and livelihood is controlled by these same interested parties? Currently, due directly from the HVCC, home owners and or prospective buyers are paying more for an appraisal while the appraiser has been forced to accept reduced fees by as much as half or more with the management

company taking the lions share as profit. The typical home owner is unaware of this and believes that the management company appraisal fees they are paying are going directly to the appraiser. From this current situation, directly from the HVCC, appraisers are forced to work with AMCs and are forced to complete work faster than it should be done for less than they should be paid and are further bothered by mounting requirements from those who really do not understand the appraisal process or requirements. The result of this is creating additional and pointless work for the appraiser who gets paid far less than commensurate with the fees paid. Stop the banks from dictating the contents of the report to the Appraiser. It is no longer the opinion of the Appraiser anymore; it is the opinion of the dictator of contents of the report. Reform of the process could more effectively be to require banks and lenders to assign appraisal assignments on a rotational basis instead of the current

"lowest bidder". The current situation is providing banks and Management companies with nothing more than a great income producing "business" on the backs of the professionals that actually produce the appraisals and are forced to reduce their income to support this newly created money making opportunity for these banks and management companies. Most management companies are really only acting as middlemen and getting paid a great deal for the privilege to do so. In fact a number of appraisers have formed their own management companies in order to move on to a new more profitable business and are freely taking advantage of working appraisers because of the profit created by this new business. The "quality of the Appraisal report" should serve to "weed out" professional appraisers from sub standard appraisal reports and provide the ability of the management companies to continually use the most qualified and trusted appraisers instead of the ones willing to work for the lowest fees. The main reason for the present malaise is not the appraisal. It is the corruption, greed and avarice of the banking system. Currently, home owners are paying a fee for what they are told is for the appraisal. It should be obvious that since the HVCC came into effect the general public has accepted the management company "appraisal fee" as customary and reasonable. That fee is usually reflected on the HUD-1 as the appraisal fee. I have seen these fees to

be anywhere from \$400 to over \$500 per appraisal. I strongly suggest keeping these fees at this level, as the general public has accepted these fees, and allowing the management companies a flat rate of no more than 5-10% of the fees paid to the appraiser. AMC fees should be completely separate from the appraisal fee in the HUD 1. Currently the typical home owner or buyer has no idea the appraiser is being paid a fraction of what they are told the appraisal fee is. I am sure once the general public sees the fees they are paying to this non essential, AMC, middleman there will be an overwhelming opposition from the general public. I have heard proponents and owners of management companies say they, the management company, can not meet their costs of doing business with such a low fee but that is exactly what has been done to the appraiser who is the one providing the report needed to make the loan for the home owner! Taking as much, or more than, 50% of the appraiser's income just to make a profit is fundamentally and morally wrong. Since the advent of appraisal management companies the number of management companies has grown tremendously due to the profitability which did not serve to reduce costs to the consumer but to increase it for no good reason. Lastly, mortgage bankers and mortgage brokers should be allowed to order appraisals in the same manner. While mortgage brokers may not have the same skin in the game, they are now required to be nationally and (in Illinois) state licensed. This additional testing and licensing of that profession will aid in that profession's quality control. Why not allow brokers to submit a list of appraisers with which they want to work to the lender and that lender would approve those appraisers. Then whenever loans are done with that lender, a rotation list of that broker's appraisers is used. A point person in the mortgage broker's office (not loan officer) can be used to interface if need be with the appraiser. There have only been a handful of management companies that want to see sample appraisals. Most just want your name, license, EÖand how much you charge. How are those management companies handling quality control? By charging the consumer \$500 and paying the appraiser \$150? It is not likely they are doing quality control at all.