

Marvin Dever, Inc.

"Appraisals Made Easy"

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December 23, 2010

To: Board of Governors
Federal Reserve System
Attn: Chairman Ben Bernanke
Washington, D.C. 20551

From: Marvin L. Dever, Appraiser

Subject: Comments Relating to 12 CFR Part 226, Regulation Z,
Docket # R-1394, RIN AD-7100-56

Let me preface my comments to follow with these statements. The implementation of the HVCC has been the single most disruptive piece of legislation to the appraisal industry ever undertaken. No one really took in to consideration its unintended consequences. It has imposed significant financial hardship on appraisers by lenders being told by Appraisal Management Companies that they had to use them to order appraisals while dictating less than a **CUSTOMARY AND REASONABLE FEE** to the appraiser, many times a fee that after expenses is barely over minimum wage. This additionally imposed significant hardship on consumers in the form of inflated prices for appraisals and Appraisal Management Companies basically skimming off the top. Also, there is misrepresentation of the appraisal fee as it appears on the HUD-1.

There is also a situation of lack of income reporting to the States and Local Municipalities. The AMC'S I have checked in Kentucky are not filing or paying any income tax as they are out of state entities. The States and Local Municipalities suffer a double whammy as appraiser income has declined drastically due to extremely low fees dictated by AMC'S and the AMC'S not paying taxes to state and local governments.

At a time when we want better educated and better qualified appraisers with college degrees there is no incentive for anyone to get into this business given the costs of a college education verses the lack of income and benefits in the industry. It's the same old Cost Verses Benefit analogy. High costs and low benefits. Kentucky has several hundred appraisers less than it did only a few years ago and Florida has several thousand less. In Florida to my knowledge there is no one currently offering education to enter the business and Kentucky is extremely limited. With my 25+ years experience it is my contention that if something is not done to stabilize a chaotic situation the industry will have 30%-40% fewer appraiser in the next 3-5 years.

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It is for all these reasons that the **VETERANS ADMINISTRATION FEE SCHEDULE** should be made the **CUSTOMARY AND REASONABLE FEE**.

Other Comments:

Item: Page 66571 The Board requests comment on whether further guidance is needed concerning the permissibility of volume-based discounts.

Answer: Volume based discounts should be at the discretion of the individual appraiser and not left to any individual or entity not directly involved in the appraisal process.

Item: Page 66573 The Board requests comment on whether the final rule should expressly prohibit basing an appraiser's membership or lack of membership in particular appraisal organization.

Answer: It appears we are going around in circles. There was a time that if you did not have a designation from a national organization, prior to state certification, it was extremely difficult to get work. We then said and still say that having a designation or membership in any organization is not a requirement to get work. In fact if my memory serves me correctly it is currently against the law to deny anyone work who does not have an affiliation or designation from a national organization. There should be no requirement that an appraiser should be a member of any organization

Item: Page 66574 "In preparing this interim final rule, the Board did not identify appraisal fee schedules, surveys or studies that would be appropriate to designate as a "safe harbor" for creditors and their agents to comply with 226.42(f)(1). The Board solicits comment on whether and on what basis the final rule should give creditors or their agents a safe harbor for relying on a fee study or similar source of compiled appraisal fee information. The Board also requests comments on what additional guidance may be needed regarding this third-party rate information on which a creditor and its agents may appropriately rely to qualify for the presumption of compliance."

Answer: I find this language interesting in as much as it talks about fee schedules and a "safe harbor" for creditors and their agents while at the same not stating that the **VA**

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FEE SCHEDULE should be used as a "safe harbor" for appraisers. The **VA FEE SCHEDULE** is the only nationally recognized fee schedule that I am aware of. It is natural that it be used as it is maintained by the government and is not subject to manipulation or outside influence by third parties such as Appraisal Management Companies and lenders

Item: Page 66576, "The Board solicits comment on whether reporting should be required only if a material failure to comply causes the value assigned to the consumer's principal dwelling to differ from the value that would have been assigned had the material failure to comply not occurred by more than a certain tolerance, for example, by 10 percent or more".

Answer: I fail to understand this 10% tolerance figure. The market does not concern itself with such arbitrary figures but reacts to market forces.

In closing let me say that if the Board is truly interested in returning the appraisal industry to a stable position it will adopt the VA Fee Schedule as the minimum compensation an appraiser shall be paid for their services. It should be the minimum compensation similar to other industries which have minimum scale often times determined by governmental influence.

Sincerely,



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