

Proposal: 1639 (7100-AF30) Real Estate Appraisals

Description:

Comment ID: 133006

From: Donna Halfpenny

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Subject: R-1639 - Real Estate Appraisals

Comments:

NONCONFIDENTIAL // EXTERNAL

Dear Sirs,

Increasing the threshold level for home loans requiring appraisal up to \$400,000 from \$250,000 is nothing more than insanity, dangerous and careless.

In my opinion, and the opinion of many, this will eventually lead to another housing crisis. Do we not learn anything from the last one? Appraisals are a very important part of the loan/mortgage process. The appraiser is the ONLY impartial party and only the only one involved whose fee is NOT contingent on the deal closing. The appraiser is the one who uses his/her knowledge, experience, education, expertise, etc. to arrive at the market value of the property. Real estate agents, while many are extremely diligent, do not have the expertise or education to do what appraisers do. Not to mention, their commission is contingent upon the closing of the loan/deal-at the highest price possible. Not always the market value.

Stating that a few of the reasons you are considering this measure is due to the time constraints and appraisal fees is ridiculous.

Why don't you look at items like how long it takes a lender or Appraisal Management to order the appraisal in the first place? A Why don't you look at the exorbitant fees that Appraisal Management Companies charge? Appraisal fees are low especially when considering the peace of mind that we provide to all involved, and the fees charged by lenders and AMCs. A typical single family appraisal turn around time is 5 days. So, the blame for the extended turn around times are typically attributed to the lender or AMC or both. This is also often heard from agents/homeowners "I have been expecting your call to schedule this appraisal for weeks". Response: Well I received the request for the appraisal on your property within the last 12-244 hours. Talk to your lender about the delay.

Do you have any idea how many times appraisers are told things like "I paid \$700 for your appraisal". When in actuality they actually paid \$300.00 for the appraisal and the remainder to the AMC. So the borrower did NOT pay \$700 for the appraisal but paid \$300 for a person's expertise and \$400 to a middle man who serves literally no purpose-other than costing more in the loan process to the buyers/homeowners and extending turn around times. Appraisers have a job to do. We are there to protect not only the lender, but also the purchaser/homeowner. We continue to comply with continuing education to keep with any changes in the industry changes, we pay high Liability Insurance fees which keep rising, while having to do more work for the same fees for years. We get blacklisted from companies for having fees that are the Usual and Customary for our areas while getting beat up by underwriters who are clearly uneducated and unqualified for their positions. They constantly request things are are not USPAP compliant, and

are insignificant in the appraisal realm.

These changes are also pushing lenders into utilizing Automated Valuations, or hybrid appraisals. Do you know there are people out there stating that they are appraisers when they are NOT!? They claim they need access to the property to take photos/measurements. These people are not licensed, educated, or regulated or insured. This puts EVERYONE involved at risk.

We have no recourse if we allow the people who are doing these AVMs and Hybrid Appraisals into a property. Appraisers in most cases cannot allow trainees to do the majority of the appraisal, or sign off on them.

Trainees are being trained to be an appraiser-yet the AVMs and Hybrids are done by untrained people. (Untrained-like underwriters who have no grasp of USPAP) What if they are not doing a professional or accurate job? What recourse is there? This also puts our economy at risk as well as the public and homeowners.

Appraisers are here to protect the lenders and the owners/buyers.

We help ensure the stability of our economy. Raising the limit to \$400,000 puts lenders, investors and homeowners/buyers and our economy at risk. We have already been through a pretty recent housing disaster. Why would you want to risk so much for so little?

Please consider all of these facts.

As a homeowner, a member of the public, a Real Estate Broker and a Certified Real Estate Appraiser (for over 25 years), I see only negatives in increasing the amount to \$400,000 for properties that do not require an appraisal. I do not wish to see another housing crisis in my lifetime especially since we have not fully recovered from the last one.

Donna Halfpenny