

From: Appraisal Institute, Paul J Smith
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Comments:

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To Whom It May Concern: A potential solution is to grant a revolving system of quality appraisers that borrowers would have to use to ensure the dependability of the appraisal. This round robin system is similar to the old FHA ordering system and the current system being used by the VA. Both Freddie and Fannie had similar system like this too. The Lenders in the early 1990's were the ones who pushed for changing this ordering system so they could get a strong hold on who did their appraisals and the appraised values. This was the opening of the door which has lead us to this mess we are in now and gave them a huge advantage over any honest market competition. Were appraisers to receive work for lending purposes through this system, the lender will have no choice in the selection of the appraiser and the fee for the appraisal will be determined by the market. If an appraiser performs slipshod work, then the appraiser would be subject to state and federal authorities' investigations. This should prohibit dishonest appraisals and promote higher quality workmanship in the appraisal industry because appraisers would not have to fear the hidden consequence on being removed from a lenders list. I believe that any AMC affiliated even in part with a lender, such as Bank of America who owns the Land Safe AMC and Wells Fargo who owns the RELS AMC, should not be allowed to order appraisals due to the unmistakable conflict of interest which is well known throughout the industry. Respectfully, Paul J. Smith