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I am writing to comment on Appraisal Fees. As a practicing appraiser for over 33 yrs, a Certified Instructor of the Uniform Standards of Professional Appraisal Practice, a Community College Teacher of Real Estate Classes for over 24 yrs, I think I have more than enough experience in this industry to address the issue of Appraisal Fees. Back when I began my career in appraising (1977) Lenders had their own staff appraisers and few independent fee appraisers were in practice. With the licensing and certification of appraisers in the late 1980's, Lenders jettisoned their appraisal staffs and looked to outsourcing appraisal services, thus saving themselves the cost of licensing and continuing education for their staffs. Appraisers who were kept on staff shifted from appraising to reviewing appraisals. Unfortunately this essentially eliminated the primary training grounds for appraisers. As the outsourcing of appraisal services progressed, Lenders realized that the 'fee shops' that they dealt with were taking a percentage of the appraisal fees earned and passing only a portion of the total fee on to the actual appraiser. This led to the Lenders themselves spinning off wholely owned subsidiaries, or joining other lenders in joint ventures, that we now call Appraisal Management Companies (AMC's). They now took the percentage that the appraisal shop had been taking. Unfortunately the appraisal shop trained appraisers, oversaw their work, and paid for many of the costs associated with being an appraiser such as computer software, hardware, and fees for data sources. The AMC's do none of that. Thus the appraiser working for an AMC may take home no more per appraisal than they would working for me (if I don't work for an AMC)but give up the benefits of my years of experience and the data that I have in my office as well as the ability to interact with appraisers with varying levels of experience and skill. To make up for that shortfall (and data sources and programs can run 30% to 40% per appraisal) they cut back on data, resort to minimal research, and work long hours (often 50 to 60 hrs a week) to make a living that is less than I earned in 1986. With AMC's skimming off the top, I would be paying an appraiser with 2 yrs or 20 yrs experience fees that would average $180 to $225 per appraisal which can represent two to three days of work. No one would accept that if they had a choice. So they do the alternative,they go to work for themselves as they could collect the entire fee from the AMC, say $250 to $375. For the 20 yr experienced appraiser that may be acceptable but he/she still gives up the data, the programs, the EÒinsurance, etc. For the 2 yr experienced appraiser it is a disaster. Out on their own with no guidance, they write appraisals that are misleading in many cases and disasterous in a few. As an example, the current problems stem from many sources but one critical one is understanding the definition of "Market Value" which requires the price be in terms of cash in US Dollars, or its equivalant. I would be laughed at when I told students in Continuing Education Classes that, by definition, the values attained with 100% financing with less than market rate loans were NOT Market Value. Now, too late, this has become obvious to even the most resistant. Appraisers need to receive payment sufficient to be able to take the time to properly analyse the market value of a particular piece of real estate. Lenders MUST be made responsible for assuring that the analysis is not only adequate but that their underwriting procedures are adequate. This can be done by requiring that Lenders 'season the loans' they make, holding them for a minimum of two to three years before they can be sold into the securitization marketplace. This used to be the standard practice in lending. Appraisers need to receive payment sufficient to earn a decent living that is commensurate with the liability inherent in rendering a value judgement on a real property asset that may well end up as part of a mortgage backed security that can be held as an investment by parties all over the world. Appraisers need to be given the tools to negotiate with Lenders over fees. Today, Lenders dominate the AMC marketplace and while not pressuring apppraisers as they once did, the requests they make are so absurd as to defy belief. Again, as an example, LANDSAFE, the AMC associated with B of A, requested a Desk Review of an appraisal in my area for a fee of $75 and a 'turn time' of two days. Just reading a report will take a half hour. Pulling the data the orginal appraiser used another twenty minutes. Pulling alternate comparables as required another twenty minutes, and then correlating the data, checking for accuracy and analytical process, another hour. Finally, I can write the review. Perhaps I'll have 3 hrs into this review. At $75 less the $10 I am charged to deliver the report, and the cost of my data, programs, EÒInsurance, icensing Fees in CA etc., I am being paid about $35 or $40 net for those 3 hrs. LANDSAFE was willing to negotiate a bit (try $125, maybe) but the 3 days was a must. Well, what about the other work on my desk? Maybe I can't reach agents in 2 or 3 days if I have questions about comparables? etc. etc. I don't know how to create a more level playing field, how to give a single appraiser the ability to negotiate with a national/international Lender, but I do know something has to give as the quality of appraisals will continue to decline so long as there is no incentive for competent appraisers to stay in the profession or to train their replacements. My thoughts on this do, however, have a direction if not a solution. If a Lender is an owner of an AMC they could be required to have basic staff (employee) appraisers doing say 75% of the work and only 25% of their appraisals may come from outsourcing. The goal of this suggestion is to limit the current incentive to make the appraisal function a profit center and to refocus it on its original mission which was to assure the safety of the loans the Lender was making. Within the last six months, a Loan Officer at Mortgage Line, a subsidiary of Zion's Bank, expressed surprise when I explained that appraisers were, traditionally, the "eyes and ears of the Lender" in regards to a property's condition. This because the appraiser in my office took photos of, and commented on, the fact that the deck was rotting and the rot was so bad that the owners had cordoned it off because it was a health and safety issue. The Loan Officer (L.O.) was concerned because the Homeowner said no appraiser had ever mentioned it before - and also upset because if we didn't take the comments and photos out underwriting would never approve the loan without holdbacks, which the Borrower would never accept. Needless to say, the loan didn't get made and we were asked to reduce our fee (which we would not) and then had to argue with the Lender for 4 months in order to get paid ($450). Not unexpected, we've seen only 1 request from that Lender since that time. I have taken enough of your time. I thank you for reading this entire missive. I may be trying to cover too much but there are so many interlinking problems associated with appraisal fees, it is as much a matter of dollar and SENSE as dollars and cents, as you can see. Respectfully, Corina D. Rollins CA Cert.Residential Appraiser