

From: Matt Johnson
Subject: Regulation Z -- Truth in Lending

Comments:

To Whom it may concern:

I am writing this letter to implore you to set a benchmark fee for what will be considered Customary and Reasonable regarding appraisal fees. The VA fee schedule is an established fee structure that sets a fee that virtually all appraisers that I know find fair for a typical residential appraisal assignment. Since the adoption of the HVCC and the introduction of the many AMC's, as an industry we have experienced our fees being cut significantly. It is very common now for an AMC to pay \$190 to the appraiser for a full URAR appraisal, while charging the lender \$400-\$450 in "appraisal fees". Many qualified and experienced appraisers find these fees inadequate and choose to decline work from such AMC's rather than compromise the quality of the appraisal that would result from such a low fee. This has created a scenario where lenders and AMC's that adopt a policy of low fees resort to using appraisers that may not be knowledgeable or have adequate experience to provide appraisals.

This type of behavior hurts the entire real estate and lending industry.

Given recent events in regards to the mortgage crisis and severe downturn in housing, it seems to me that it is more important now than ever to make sure that appraisals are being completed by the most competent and knowledgeable appraisers in a geographic region. Without setting a base fee for our industry, AMC's will continue to seek out the lowest cost appraiser and continue on a "race to the bottom". It is not enough to simply ask AMC's not to do this or to even state that this type of fee discrimination will not be allowed. AMC's will continue to use tactics to sidestep such rules and simply not send appraisers work that do not agree to the cut rate fees being sought by the AMCs. AMC's have already developed such tactics to comply with federal rules, but simultaneously avoid sending work to appraisers who do not agree to their low fees. There are roughly 90,000 appraisers in the United States. These are jobs that can not be outsourced outside of our country. These are jobs that historically have provided us in the industry with a decent middle class living. That middle class living is being threatened by the AMCs who seek to increase their own profits on the backs of the appraisers. I have no doubt that TAVMA has a stronger voice with their lobbying effort than the appraisal industry to try and keep you from adopting the VA fee schedule as a minimum fee. The appraisal industry is composed of many independent appraiser's and it is a difficult industry to try and organize into having the same strong voice as TAVMA. I am asking that you listen to the concerns of those of us working in this industry everyday and not to listen to the lobbying effort of TAVMA. AMC's have every right to conduct their business as they see fit, but not if that creates harm to the lending industry, the housing industry, and to the appraisal industry. By adopting the VA fee schedule as the basis for customary and reasonable fees, you will take price out of the equation for AMC's as being the biggest determinate of how appraisals are assigned. This is good for lending and good for the housing markets. Please adopt the VA Fee schedule as the basis for Customary and Reasonable fees and not leave that determination to a for profit industry seeking to increase their own bottom line. I firmly believe that without setting a base line fee that

AMCs will continue to take advantage of the rules set in place and continue to use unqualified appraiser's simply because they are willing to provide a service for the lowest cost. That type of behavior will lead to another crisis in lending and in housing.

Thank you

Matt Johnson