

From: Kenneth Tamblyn
Subject: Regulation Z -- Truth in Lending

Comments:

The problem with the new Final Interim Rules. is that it now allows AMC's to use their own non-market fees to establish Reasonable and Customary, by basing it on their very own fees that they have paid over the past year. The problem is that most AMC fees are not paying reasonable or customary fees. The only way to sort this out, is to base the fees on non-AMC fees that are paid to appraisers in the open market. They can survey Lawyers that hire appraisers, Accountants, Divorce attorneys, Government agency fee schedules, Tax Consultants, etc. That will give a very clear picture of Customary and Reasonable fees in the open market.

The fees that AMC's pay are not based on typical market sources and cannot be considered Customary and Reasonable. That is why this law was written. At this time, appraisers cannot negotiate fees with lender/clients. The clients can pay a higher fee to the AMC, but this does not guarantee a more reliable appraiser, because the lenders are not allowed to choose the appraiser, nor are the lenders even allowed to know how much the appraiser is being paid. If a lender said "I want the best appraiser available for this complex assignment and am willing to pay \$1,000," the AMC can and will give the assignment to the lowest bidder, and pocket the difference. This is not a free market system. The lender is getting a bad deal because they are not getting the best appraiser, and the qualified appraiser is getting a bad deal, because he is not getting the assignment that he is qualified for.

The law states "Customary AND Reasonable." The Interim Final Regs give 2 paths to establish the fees.

One path is based on Reasonable and Customary Fees, based on surveys of what other services pay for appraisals, that are not AMC's.

Unfortunately, the other path is based only on the customary fees that AMC's have been paying appraisers. This is not consistent with the law.

To solve this problem, you should make both paths mandatory, in order to follow the intent of the law, or make the second path not based on AMC fees.

An AMC fee schedule must be based on both Reasonable and Customary.

Thanks for your time.

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