

From: Thomas Shipley
Subject: Regulation Z -- Truth in Lending

Comments:

The recent rule requiring Customary & Reasonable fees does not appear to be working in practice.

The AMC's that contact me are continuing to shop for the "Cheapest" and "Fastest" appraiser in our area.

The AMC's are continuing to retain appraiser's from 50 - 100 miles outside of my area that are willing to travel great distances (many times appraiser's from Virginia are traveling to Southern Maryland to accept these low fee assignments in my area) and they cannot be considered locationally competent. Their only qualification is fast and cheap.

The AMC's never inquire of my training, education, background, or experience; only the fee (usually \$200 for a standard 1004) and the turn time (usually 24 to 48 hours).

When I ask the AMC caller for details on the subject (how many acres, size of the house, bedrooms and bathrooms, waterfront, etc) they have no information; and they just want it fast and cheap.

When I try to explain that the complexity of the property or outlying rural areas may increase the complexity or require expanding the search area and travel time; they simple hang up and continue looking for the fastest and cheapest guy in town.

Comparable sales cannot be "properly" verified within the AMC's imposed turn time and produce a credible report.

I continue to quote my Customary & Reasonable fee of \$350 and rarely (almost never) receive an assignment from any AMC.

The Customary & Reasonable fee in my area (over the past 10 to 15 years) has been between \$275 15 - years ago when I started; to \$350 to \$400 in recent years.

The AMC's downward pressure on fees and turn times has resulted in many of my peers quitting appraisal work or taking early retirement. I will not work for the reduced fees and insist on a 5 - 7 day turn time in order to properly investigate and verify the comparable sales in my reports.

None of the AMC's that contact me will accept my fees and turn times. They do not appear to have any desire to have a properly verified report.

The Interim Final Rule on Customary & Reasonable fees appears to have several conflicting statements that will allow the AMC's to continue to hire the "Cheapest and Fastest" guy around.

There is a simple solution to the fee and quality issues (In my Opinion) and that is to form a panel of "Qualified and Experienced" appraisers in each town, zip code or county area with assignments passed out in a queuing manner and the

panel would be run by the local Appraisal Board. The board would establish the "Customary and Reasonable" fee for that area, and establish Customary & Reasonable Turn times; the Board would handle lender or homeowner complaints, the Board could determine if a complaint had "potential" merit (as opposed to simple complaining the appraiser "did not hit the number") and the Board could hire the most experienced appraiser's in a nearby but non-competing market areas to review complaints that might contain legitimate or substantive issues of measurement, comparable selection, etc.

The cost of the Local Board could be offset by fees paid by the appraiser's who sign up for the panel; fees from the AMC's who use the panel, and fees charged by Lenders or Homeowners who decide to file a complaint. The VA panel works, the old FHA panel did work, and a new State run panel is needed.

At a bare minimum; the appraisal fee charged by the AMC must be disclosed on the HUD-1 sheet, so as to alert the homeowner how much they paid for an appraisal and how much of that fee went to the appraiser. Too many times I have seen appraisal fees from \$450 to \$750 charged on a HUD-1 and the appraiser was paid \$150 or \$200, and completed the assignment 24 hours after the property was inspected. Again, there is no way (in my area) that an appraiser can properly verify the data surrounding the selected comparable sales in that period of time. The "typical" Realtor takes 2 - 3 days to return my calls, if they return my calls at all.

I have lost a tremendous amount of work to cut-rate and out-of-state appraisers over the past 5 years who are willing to accept reduced fees, excessive travel times, and 24 to 48 hour turn times.

I have reviewed many of these out-of-state appraisal reports and have found numerous errors, deficiencies, inconsistencies, and improperly verified reports that are largely attributable to low fees and lack of time to properly complete the assignment.

I will likely retire if these matters are not quickly resolved by the various agencies.

Thomas E. Shipley