

REAL ESTATE APPRAISAL SERVICES, INC.

April 12, 2011

Jennifer Johnson, Secretary,  
Board of Governors – Federal Reserve System  
20th Street & Constitution Ave. NW, Washington, DC 20551

(Reference: the Final Rules for Appraiser Independence, within the Dodd-Frank Law)

Dear Ms. Johnson,

I understand that you are still reviewing the final rules for Appraiser Independence. The Dodd-Frank Law understands the need for appraisers to be paid fairly and with that they adopted “reasonable and customary” as the parameters for appraiser fees.

It has been customary but not reasonable that so called management companies (many or owned by the major banks i.e. Wells Fargo, JPM Chase and Bank of America to name just three) to siphon appraisers fees because they unfairly control the payment process. For example, a quick review of a HUD-1 from any of the above lenders will show you many appraisal fees at \$400-600. It will not show you what the actual appraisal fee is and that is very deceptive and disruptive to the appraisal industry as well as the home owning public. The appraiser is routinely being paid close to half of the so called appraiser fee that appears on a typical HUD 1 statement. The banks have discovered another profit center and it is based on stealing the appraisers rightful fee. In a time when appraisal regulations have increased dramatically, the appraiser fee has declined and not increased. It may appear to be increasing on the HUD-1 but that only means that the appraisal management company is taking more of the fee away from the appraiser. In addition, as the fee for the appraiser declines, the appraiser that is more qualified either leaves the business or stops working for the lender that does not pay a reasonable fee. The only appraisers that can remain in this situation are newly licensed and/or appraisers that take short cuts to increase their volume to compensate for the decline in fees.

If the management company has a value, they should charge the lender what they are worth and the appraiser should also charge the lender what they are worth. Both fees should be accurately presented on the HUD-1.

I have been in the appraisal business for 30 years, have an economics degree from a major University and I have an SRA designation from the Appraisal Institute. I believe in a strong work ethic where quality is important but the signal I have received from the Federal Reserve System is to allow the status quo and continue on the road to mediocrity. I thought we learned from history. If so, please rethink the part of the bill that pertains to “reasonable and customary” fees for appraisers.

Sincerely,



Richard C. Daniel, SRA