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Comments:

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As both an appraiser and a state regulator, I am very concerned about the issue of customary and reasonable fees for appraisers. Specifically, my concern is that the interim final rule (IFR) creates a second benchmark for "reasonable and customary" that was not provided for in its enabling legislation. The Dodd-Frank Act stated that reasonable and customary fees could be evidenced by fee schedules and studies which specifically exclude fees paid by known Appraisal Management Companies (AMCs). The IFR uses this language as only one of two benchmarks for what is "reasonable and customary". The other benchmark that is used in the IFR is quite vague; it states that fees that are "reasonably related to recent rates paid for appraisal services in the relevant geographic market" will be considered customary and reasonable as long as the lender or AMC takes into account the type of property and the scope of work, and does not engage in any anti-competitive actions. From an appraiser's standpoint, this essentially means that the status quo is preserved; customary and reasonable will mean whatever fee that appraisers in the area have been accepting. Current fee schedules by AMCs will now be the standard for reasonable and customary. As a regulator, I will state that the vague, non-specific requirements of this rule will be virtually unenforceable. When determining what is reasonable and customary, lenders and AMCs will simply pick option 1, which means that whatever they wish to pay will be acceptable, as long as an appraiser is willing to accept it (and the AMC does not engage in anti-competitive acts). It is essential that appraisers are afforded the protection of "reasonable and customary fees". Just as it is important for appraisers to be independent of the undue influences of mortgage lenders, it is important that appraisal fees be maintained at a level where the more educated and experienced appraisers will still be willing to do appraisals for mortgage lending. Allowing the AMC model to set reasonable and customary appraisal fees will eventually create a "race to the bottom" in which less experienced and competent appraisers will set the fees for the profession, causing the more experienced appraisers to either leave the profession entirely or specialize in non-mortgage lending appraisal work. I would respectfully request the FRB

to consider removing the benchmark stating that customary and reasonable is related to "recent rates paid for appraisal services in the relevant geographic market". If this is not possible, I would ask the FRB to edit this requirement to be more specific and enforceable. Thank you very much for the opportunity to comment. Daniel A. Bradley, SRA, CDEI PA Certified General Real Estate Appraiser