

From: Lonnie Heward  
Subject: Regulation Z -- Truth in Lending

---

Comments:

Date: Dec 23, 2010

Proposal: Regulation Z - Truth In Lending Act

Document ID: R-1394

Document Version: 1

Release Date: 10/18/2010

Name: Lonnie Heward

Affiliation:

Category of Affiliation:

Address:

City:

State:

Country:

Zip:

PostalCode:

Comments:

I think that Appraisal Management Companies have significantly damaged the appraisal industry. Unfortunately appraisers are not strong enough to band together for the better of industry, for the most part they are just living from assignment to assignment. The majority of the ACM's are looking for the cheapest appraiser with the fastest turn around times and that will accept slow pays. Take Clear Capitol for example, at least several times per week I get assignment requests from them for a full appraisal report and the fee they offer is \$225 and the turn around time is 2 days from the date of the order. Further more they are asking for much more than the basic appraisal. Many times they want all of the MLS sheets included in the report or aerial photos. If you fail to comply you risk not being paid. They also want you to wait 45-60 days for payment. At no point do they give you any description about the property, ask if you are competent to appraise this type of property, or ask for your experience. I have herd many times of an appraiser from out of the area completing a report when they are not familiar with the local economy, neighborhood boundaries or style of home. An example would be: A home needs an appraisal, it is a 2500 square foot LOG home on 10 ACRES with a 1/2 acre pond on the property. This assignment would take a very experienced appraiser with knowledge of larger parcels, neighborhood boundaries and LOG home knowledge. An AMC will only look for an appraiser to accept this at \$200-\$300 and have it back in 2 days, it doesn't matter if all of the appraisers experience is with inner city homes. This assignment should be a minimum of \$650 and would most likely take 5 business days after inspection to complete a "good" credible report. USPAP says the "city" appraiser should decline the report or let the client know of how they will become competent to complete it, however most do not and as long as the AMC is getting there \$150-\$350 markup they do not care nor do they report the appraiser to the proper authorities. In the past 4 years appraisers have been asked to due far more than in historic times by approximately 300%, however the fees have dropped through AMC's by 50%, with this scale something has to give and 90% of the time it is quality. With what is asked of the appraiser, in the current market the typical

appraisal on a home for lending purposes should be \$600. Further more as the property being appraised becomes more complex the fees should increase accordingly. I feel the first question any AMC should ask is "are you qualified to appraise this property" and if so the next should be "supply us with your qualifications and experience". If they hire any appraiser and later find out they were not qualified they should be required to report that appraiser to the authorities. Fees should not be a large part in the appraiser selection process, as if they are pulling from the pool of similarly qualified candidates then the fees will be similar. If one quotes a low fee then it should raise the questioning as to why, as the typical appraiser wants to be paid for the work they do. The appraisal industry needs help to become strong, the industry is fairly new and has taken a lot of beatings in its short life.