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Subject: Regulation Z -- Truth in Lending

Comments:

Date: Dec 27, 2010

Proposal: Regulation Z - Truth In Lending Act

Document ID: R-1394

Document Version: 1

Release Date: 10/18/2010

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From Regulation Z - Truth In Lending Act [R-1394] "The Board recognizes, however, that if some creditors or AMCs dominate the market through illegal anticompetitive acts, 'recent rates' may be an inaccurate measure of what a 'reasonable' fee should be." My evaluation of the situation is that AMCs have already dominated all markets through illegally anti-competitive acts and thus their recent rates are an inaccurate measure of what a reasonable fee should be. First, let me state that I acknowledge that AMCs have existed for over 30 years but that, since the lending acts of the 80's AMCs owned in part if not whole by lenders have been exploiting a loophole in past regulations in order to illegally garnish a portion of the appraisal fee denied them by law. It is my belief that the intent of the Truth in Lending Act was to stop that illegal loophole and the new interim regulation, with its wording of "customary OR reasonable" and other items was an example of regulators bending to lender & AMC pressure to water down the law in order to widen the loopholes rather than suppress them as intended. A number of agents have expressed that outlook publicly, such as on the Appraisers Forum. AMCs are notorious for trying to push standard fees even for complex assignments. For anyone familiar with the Lake Geneva area in Wisconsin one AMC tried to get me to appraise a complex lake front property (which was the 2nd highest priced sale in the prior year, a large complex footprint home on multiple acres) for the same fee as they typically pay for a standard urban single family tract built home in Milwaukee. I quoted back a reasonable fee based on the number of hours I estimated it would take to complete and the representative sputtered and stated "that is more than we get paid!" In the past higher fees would be considered but as of writing this one AMC has called me over 40 times and when I quoted reasonable fees for the appraisals (usually rural, water frontage, over 20 miles away, or a combination) they stated they would "try to get the fee approved" which have come to understand as "we want it cheaper." Before HVCC AMCs controlled less than 30 percent of residential mortgage assignments but now AMCs control over 80% of residential mortgage assignments giving them

powers to push fees equivalent to other cartels such as OPEC and drug cartels. This near absolute control in the hands of only 5 lenders and their AMC agents needs to be broken as they are using this to deliberately manipulate laws and regulations so as to drive local banks out of business and create an increasing oligarchy if not monopoly on the lending industry and thus increasing power to squeeze appraisers and thus consumers. Encouragement of use of AMCs by federal regulation has decreased appraisal quality and increased time to make loans. The big lenders do not care as they specialize in rolling loans over into securities as well as selling off loans such that they wash their hands of the responsibilities of bad loans. Appraisers pressured by lower fees are much more likely to be subservient to lender or agent whims and thus roll over just to stay in business whereas appraisers making fees at a RATE that is AT LEAST customary and reasonable, and were at least so 10 years ago, will have less motivation to cave to lender or agent pressure. I mention RATE because as increased regulation is added (form 1004mc, etc) the time to complete a residential appraisal has increased from an 8 hour average (if not less) to well over 12 hour average for many appraisers (my average is 15 hours) and therefore it is not just the fee but the gross & net rate per hour that is applicable. There is also mention in the Final Interim of allowing so called "volume discounts." Volume discounts should not be allowed as they provide a loophole for the lenders and their agents (often fully or partially owned AMCs) to use leverage to push fees well below what is reasonable and customary. As stated before over 80% of residential mortgage transaction now apparently go through AMCs and thus their ability to push "volume discounts" as a way to continually lower fees has actually become standard operating procedure. Many appraisers have agreed to anywhere from \$5 to \$50 fee cuts per order to get "all the orders they can handle" only to see 1-3 orders before some other desperate appraiser is forced to take an even lower "volume discount" fee. I worked in an appraisal firm that had volume discount fees for certain clients during the boom and at that time they were only \$25 - \$50 off the full fees. Last quote I heard from the same AMCs were over \$150 below full fee 5-10 years ago and I hear many reports of fee offers well under half the full fee 5-10 years ago. I would mention also that with regards to the Delevan property above the fee the AMC quoted as "what they get" was over \$150 above what was C• 5-10 years ago. This indicates that AMCs have no loyalty, are cruising for the lowest fees to maximize profits, and will be less truthful than used car salesmen are viewed, using every trick and con in the book, to get an appraiser to lower their fees so they can use the business shift to force other appraisers to do the same. For these reasons "volume discounts" must be abolished and any negotiation below C• be made on a case by case basis. The market bust combined with HVCC have given AMCs (agents of the lender) that much dominance in the residential mortgage industry that any recent fee quotes are so far below customary and reasonable to be ludicrous. Banks and their agents should not be allowed to set fees for these reasons. -Thomas M. Darga
Certified Residential Appraiser