

From: Clayton Colwell  
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  
Name: Clayton Colwell  
Affiliation:  
Category of Affiliation: Other  
Address:  
City:  
State:  
Country:  
Zip:  
PostalCode:

Comments:

Why is there even a debate over what appraiser's customary fees are, or spending hundreds of thousands of dollars over an issue that is so easily and clearly defined? Ask anyone in the real estate market, appraiser, lender, broker, etc. and in S. California you will get the same answer. Before the HVCC was inflicted upon appraisers, a typical SFR was \$350-\$400 and not the \$200 AMC's are now paying appraisers. AMC's would like everyone to believe that appraisers agree to work for the reduced fees, when in fact, the AMC's are holding the appraisers hostage and requiring that we choke on and accept whatever the AMC will pay us if we want to work. Appraisers either accept the reduced fee or they simply will not receive any work. As for the HVCC and AMC's, the only people that will praise the so called "Appraiser Independence" and "Curtailed of Appraiser pressures" are the AMC's and the staff in Washington that invented this travesty. Under the HVCC and the AMC's, appraisers are now totally dependent instead of independent. First, you strip us of our entire client base which we spent years developing relationships with, and for most of us, that relationship was built upon providing our clients with excellent service, excellent work and honest results. We had a choice of who we would accept business from and work for only those lenders that wanted genuine and honest results. We too were bound by UPSAP not to accept work predicated upon a predetermined value. Yet until recently, Congress never put the same restrictions upon lenders and agents. They were allowed to put pressure on us, and yet Congress blames the appraisers for all this. As for appraisers now being "Independent" and "Free of Pressure" under the HVCC and AMC's, that is just a joke. There is just as much pressure now as there ever was, except that now, we are totally dependent upon AMC's' for any work and we are suffering from economic desperation with the AMC's taking half of our fees. We now need to do twice as much business just to stay even, and that is if you can even get any work anymore. There is only one way that you get any work from most AMC's, and that is if you make money for THEM. The rules are very simple. You will

work cheap and you will play ball and provide them with the results they need to keep their clients happy. Break those rules and you will never get any work from them again. All the advocates of the HVCC and AMC's all claim that this system has provided appraisers with a pressure free environment and one that now allows us to provide accurate and honest results. I appraised a home for an AMC which had non-permitted additions, which even under the lender's own guidelines I was required to disclose and give no value to any non-permitted addition. Yet, the AMC called me and they wanted me to use an extraordinary assumption that these additions were fully permitted and then add the square footage and give value to them because the borrower was threatening the lender to go elsewhere for a loan. Both the lender and AMC KNEW these additions were not permitted as was verified with the building department. Yet, I was asked by the AMC to commit fraud and change the report and state that they were. When I refused, I have never again received any work from that AMC. That was more than one year ago. I had been getting 2-3 orders per week from them, and then suddenly every time I asked there was simply no work. So much for appraiser independence and the elimination of appraiser pressures. Because of the HVCC and AMC's, I have gone from having a decent business and making a decent living to being ready to simply close up shop because I can no longer make an honest living in this business. Appraisers are the only profession that are prohibited from even talking to their clients, and prohibited from marketing our services to our clients. AMC's chose their appraisers not predicated upon ability, experience and integrity, but simply predicated upon how cheaply they will work and whether they will play ball. Since the HVCC was inflicted upon this industry, nearly half the appraisers in California have simply left the business because it is no longer an economically viable profession. Trainee's entering the business have become almost non existent, for not only is it just economically prohibitive, but they also can't find anyone to train under anymore. The average age of all appraisers in California is 58 years old. Where will we be four years from now when the majority of appraisers will be at retirement age? Before the HVCC I had no plans to retire. Now, I am counting the days and looking forward to it. Congress wants to blame the appraisers for the crashing of the real estate market by indicting appraisers for over valuing properties. The reality is that entire crash was not caused by property values, but rather loans being approved to people that could never afford the loans in the first place. It was a disaster waiting to happen. Sub prime lending jumped from 5% of the lending market to over 50% of the lending market, and anyone with a pulse was approved. So why was anyone surprised when the dam burst and the majority of these loans went into default? This is what made the market crash, and not the appraisers. But then why should we be surprised by this all. The HVCC came out of an investigation whereby an AMC admitted to pressuring appraisers into inflating values. Yet the HVCC then put AMC's virtually in charge of the residential market under the delusional pretense that this would end appraiser pressure. Then to add salt to the wound, the government then bailed out wall street and the banks who were the real perpetrators in causing the market crash, while at the same time legislating appraisers out of business. Prohibiting lenders and homeowners from ordering appraisals is not the answer to creating appraiser independence. All this has done is make appraisers ever more dependent by eliminating our ability to market our services and by allowing AMC's to dictate and control our fees. And by placing the AMC's virtually in control, you have also given them the power to dictate and control the results. Appraisers are now forced to work for half fee and complete assignments within 24 hours while at the same time having to do more work with all of the added reporting requirements. How can any sane person believe that this is the means to producing higher quality

results? And if those results create any problems for the lender closing the deal, the appraiser will never get any further work from that AMC. The days of appraiser independence ended the day the HVCC took effect!