

From: Associated Mortgage Corp, Michael G Huffman
Subject: Regulation Z -- Truth in Lending

Comments:

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Dear Federal Reserve Board, I am writing to comment on R-1394 and RIN No. AD-7100-56 regarding the payment of usual and customary fees to appraisers. I am in 100% support of this provision. I have been in the mortgage industry for over 15 years now and have seen first hand the destruction of many appraiser's businesses as a result of the move toward creation of Appraisal Management Companies (AMC's) to comply with the Appraisal Independence requirements of HVCC. The first requirement of appraisal independence is that the appraiser is independent. The creation of the AMC's has made the appraiser dependent upon these AMC's to supply the appraisal orders. Many of the AMC's are charging the usual and customary appraisal fee to the lender/borrower, but are constantly pressuring the appraisers to reduce their fees. Assignments are sent to appraisers who charge the lowest fees. These lower fees are not being passed on to the end client, they simply result in higher profit margins for the AMC's. While the AMC's do insulate the appraiser from contact with the originator, they are forcing appraisers to work for lower and lower fees which doesn't allow them to spend the amount of time required to produce a quality report. I believe it is absolutely necessary to require the AMC's to pay the usual and customary fees earned by appraisers in that area and add the cost of their services to that fee. I believe it makes sense that if the lender has chosen to engage the services of an AMC as an added benefit to the lender, the lender should bear the cost of that decision, not the appraiser or borrower. Instead it has become a profit center for the large lenders who created many of the AMC's. I appreciate your consideration of my comments. Regards, Michael Huffman