

***PRIORITY***  
**APPRAISALS, INC.**

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May 20, 2011

Jennifer J. Johnson, Secretary  
Board of Governors of the Federal Reserve System  
20<sup>th</sup> Street and Constitution Avenue, N.W.  
Washington, DC 20551

Re: TAVMA Letter

Dear Ms. Johnson:

First of all, please note that I am an independent Certified Residential Appraiser licensed in the State of Louisiana and Texas. I have been appraising for nearly 20 years and have been Certified 16 years. I am writing this more for personal satisfaction rather than expectation of response or making a difference in our industry. It seems the Certified Appraiser today has very little voice.

I have just read the letter TAVMA sent to you April 25, 2011 requesting the Board of Governors take steps necessary to correct the apparent distortion prevailed by Appraisers towards AMCs and that TAVMA members are working with lenders and appraisers to comply to the Federal Reserve Board Interim Rule. I cannot believe they have the audacity to make such statements.

When I started appraising 20 years ago, the average single family appraisal fee was \$275. Prior to HVCC, the average 1004 appraisal fee in my area was \$400. Since that time it has been nothing but warfare! Fortunately, my reputation has afforded me the flexibility to refuse work from AMCs that do not pay market price but my volume has shrunk by volumes as so many others have.

Although I agree with the intent of both HVCC and the Dodd Frank Bill, in reality it does not work and cannot work in its current status.

Realistically AMC's now have COMPLETE control over the industry. You may argue that an AMC is not necessary, but most lenders and banks use AMC's now because they do not want to take the risk of being out of compliance.

AMC's say they are paying market fees yet they broadcast appraisal orders to countless appraisers based on the lowest fee. I have been removed from two AMC preferred lists in the last 2 weeks because I would not reduce my fees. Their market fee for my area is \$225.00 which is \$50 less than the average fees 20 years ago. I agree that someone is probably accepting them. If I did not have the reputation and experience I have, I may be forced to accept them too to pay the light bill each month.

Why do ALL AMC's forbid the appraiser to send an invoice with the report? Simple answer, they do not want their Client who is truly the appraiser's client to know what the true cost of the appraisal is. That way, no one knows how much more they charge. In most cases where I have reviewed HUD Statements, AMC's are charging \$450-\$650 for appraisals they have paid appraisers \$225 to complete. In many cases, the AMC makes as much or more than the appraiser. In some cases it is considerably more if they are including title work. The Fee disclosed in the HUD is a **hoax**. The borrower is never educated on these fees and thinks that is what the appraiser charges. I have had many borrowers tell me that appraisal fees are high. This is borderline USPAP violation as I understand USPAP and disclosure of fees. Banks cannot charge a client more for an appraisal than the actual costs of that appraisal. Why can AMC's? In reality, there is no difference. Banks that do not use AMC's must schedule, order and perform quality control. They are not allowed to charge more than the appraisal fee as per USPAP. How can AMC's bump the fee and it not be a USPAP violation?

I have a very simple solution. Separate the AMC fee from the appraiser's fee. Make it mandatory for the appraiser to disclose his fee within the body of each appraisal. Make it mandatory that the appraisal fee reflect the actual cost of appraisal and the AMC fee disclosed separately on the HUD. Their scope of work is much different than the appraiser's scope of work and should be a separate fee. The appraiser is ultimately responsible for the appraisal, not the AMC. Disclose, Disclose, Disclose. Is that not the purpose and intent of USPAP? This would solve the problem because the AMC could no longer hide behind the appraisal fee. They would then have to compete with each other on management fees and the appraiser could continue to compete with other appraisers for the appraisal fee. AMC's would no longer have to worry about what the appraiser charges. They would have to worry about what they charge. Is this too simple?

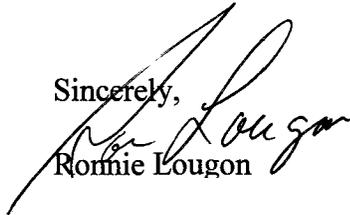
I can provide many examples of AMCs pitting appraisers against each other in my area. I can also provide examples of AMCs having a rotation list but only use one or two appraisers because the others on their list charge more. I can also provide examples of AMCs sending appraisers 40 miles to do an appraisal in a non MLS rural area when there are 5 appraisers within 5 miles of the subject who are familiar with the market and have local sales information not available to the out of town appraisers but cannot get the assignment because they charge more.

Where is this 800 number that we were supposed to have since the inception of HVCC and now the Dodd Frank Act to report wrong doing of AMCs. The problem is that the HOT LINE goes to the AMC. The Wolf guarding the Hen HOUSE?

I could provide many more examples of impropriety by AMCs. There are a handful of AMCs that do pay market fees and want quality work and I applaud them. They are unfortunately the minority.

On behalf of thousands of independent appraisers who are struggling to stay in business in these extraordinarily hard times, I appreciate your time and attention and truly wish this would be read by the Board.

Sincerely,



Ronnie Lougon