

Subject: Regulation Z

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Name: Beverly A Bayer

Affiliation: Appraiser

**Category of
Affiliation:**

Address: 23110 Atlantic Circle
suite C

City: Moreno Valley

State: CA

Country: UNITED STATES

Zip: 92553

PostalCode:

Comments:

As an appraiser in a town very hard hit with foreclosures - I see the damage done by irresponsible lending. Home prices have dropped about 1/3 since about July 2006. Part of the problem was the greed to make every loan / sell every house and collect a commission, lenders expected the appraiser to be part of the team and not kill the deals; any appraiser who did not dance along lost the client and a more accomodating appraiser got the future work. Appraiser were chosen for who could get the report done faster / cheaper / higher. Appraiser were often stiffed on their fees - if the loan did not close, a good way to encourage the appraiser in the future to "be more helpful". Everyone in the chain needs to be accountable for the bad loans - especially the loan broker who placed the borrower in a loan (often the one with the best commission) and cherry picked the appraiser most likely to over-value the property and not report valuation or marketability issues. Appraisal management companies take a big part of the appraisal fee - and do not seem to provide a superior report to the client, and the contact people the appraiser deals with are unknowledgable in appraisal - and seem to have the marching orders to get appraisals back fast at the lowest prices. My suggestions is that for every loan started there be an appraisal (not a comp check many appraisers foolishly provide for Free) just as a credit report is ordered and

paid for. The lender not the borrower must be required to pay for the appraisal! No one should be putting together loans without a specific loan makers license. Tracking should be done to see what appraisers are doing a high volumn of bad work - or working huge areas. Clients using mostly less experienced or out of the area appraisers - would trigger more appraisal reviews. Any appraiser found doing substandard work should be informed about the problems and given the opportunity to improve or be removed from a lender's appraiser list. Regulators should review approved appraiser lists and be sure the mix of the appraisers getting the work is not heavy toward appraisers who tend to be the most accomondating. There needs to be a qualification process for review appraisers - this is not something any appraiser should be allowed to do. Beverly A. Bayer, SRA Moreno Valley, CA appraiser
