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Subject: Regulation Z -- Truth in Lending

Comments:

Date: Nov 29, 2010

Proposal: Regulation Z - Truth In Lending Act
Document ID: R-1394
Document Version: 1
Release Date: 10/18/2010
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11-29-2010 Joseph Prevost Pioneer Financial, LLC Mortgage Broker

To: The Board of Governors of the Federal Reserve System Docket
Regulation Z - Truth In Lending Act [R-1394] The HVCC has devastated the real estate appraiser industry. For you to just attempt to determine reasonable fees and leave the completely unregulated AMC that are mostly bank owned in charge of the entire appraisal industry will be a final blow to the appraisal industry. That type of ruling will facilitate more of a bank owned monopoly on the mortgage lending industry increase prices and reduce competition. The exact opposite of the intention for the hvcc has occurred. The appraisals I get now are the most inferior work I have ever seen in my 10 years of lending. The appraisers now do such hurried, shoddy work it is a rush for the bottom value. I get appraisals now that have such glaring mistakes such as square footage of the subject property and even incorrect address's. When we write rebuttal's pointing out the mistakes and want the errors corrected the attitude is openly hostile and handled so slowly the client is losing out because of expired locks. The homeowner or prospective buyer is now paying much more for appraisal work of an extremely inferior nature. The large lenders that own the AMC's won't tell you this they are making record profits skimming 1/2 of the appraisal fee for placing the order to the lowest bidder. The lenders that do not have an ownership interest in any AMC would be a good place to poll for how well the current system works. There is no official portability of the appraisal from one lender to another. One example follows and this was one of my only successful transfers of an appraisal from one lender to another. It took me over 3 weeks, 15 emails and numerous phone calls to get that appraiser through the AMC to change one line item on the appraisal so it was in the correct format for the new lender. The client had paid the entire appraisal bill in advance. The new pervasive attitude within the appraisal ranks views

the person actually paying for their service and work as a problem in the system. The HVCC has created the environment where the most inexperienced appraisers are rewarded the work and the consumer has no recourse. AMC's are even owned by the very institutions that were caught putting undue influence on their own in house appraisers. I find it amazing I have passed a national mortgage licensing exam, completed a background investigation, been fingerprinted and held to the highest standard in the industry for disclosure but cannot perform the administrative task of ordering an appraisal. While lo's at a bank, who are held to the lowest standard in the industry can and do order appraisal's from their own bank owned AMC. The system is broken and the consumer is paying for it. Having to order and pay for multiple appraisals because of the mistakes and inexperience that is now pervasive throughout the system. I find it very frustrating when lenders want me to submit comparables to them in support of value. We in the lending side don't have time to do the appraisers job then let the AMC and the appraiser collect a full fee. AMC's are unregulated and perform no value in the marketplace except increasing costs to the consumer. The government has mandated in effect that lenders use AMC's but the same or even worse problems from the past exist in this new system. If the appraiser/lender laws that have existed for a long time cannot be trusted, I propose Fannie Mae and Freddie Mac go to a complete Automated Valuation System at least the buyer or prospective refinance client would know what their value range is without gambling \$500 with an unregulated agency that places the appraisal order with the lowest bidder. It is my opinion the Lobbyist from the largest banking entities have had in the past and still do have complete control of the rule and law making decisions surrounding this issue. I believe you should consult with mid tier lenders that do not have a vested stake in any AMC to see what their opinion of a solution is surrounding the future of the appraisal industry and the HVCC. Respectfully, Joseph B. Prevost Mortgage Broker Pioneer Financial, LLC