

From: Van Leer Appraisals, H. Eric Van Leer
Subject: Regulation Z -- Truth in Lending

Comments:

Dear Sir/Madam:

As a NY State Certified Residential self-employed appraiser with 21 years experience, a business degree from top ranked U of Maryland, former employment by Fannie Mae I offer perhaps a more valuable perspective and front lines appraisal experience than most that you are receiving comments from. A smart regulator would be wise to read all my comments (dare I ask for that much from my government officials?).

With respect to the definition of "customary and reasonable fees" to appraisers, DON'T THROW THE BABY OUT WITH THE BATH WATER PLEASE!!! PLEASE SAY "NO" TO THE PRESSURE FROM BIG AMC'S AND BANKS TO ALLOW THEM TO EFFECTIVELY KEEP THE STATUS QUO "LOW FEES" TO APPRAISERS WHICH HAS BEEN CREATING THE MASS EXODUS OF THE EXPERIENCED AND ACCURATE APPRAISERS FROM THE INDUSTRY!!!!

If you allow AMC's to continue to rob 45 to 50% of the reasonable fees paid out by borrowers/consumers, you will not only be throwing out the bad appraiser-bath-water that HVCC got rid of, but you will be throwing (forcing) out us honest, experienced, hard working appraisers with the the dirty bath water!!! Our nation and our financial markets need you to get this right!!! I'd like to comment and be actually heard as to the above referenced docket number. I URGE YOU TO CAREFULLY CONSIDER THE FINAL DECISIONS AS TO THE DEFINITION OF "CUSTOMARY AND REASONABLE FEES TO BE PAID TO APPRAISERS" AND TO STICK TO THE SPIRIT OF THE DODD-FRANK BILL BY MAKING SURE THAT HIGH QUALITY, COLLEGE EDUCATED, INTELLIGENT, HONEST-WORKING APPRAISERS WITH YEARS OF EXPERIENCE ARE NOT FORCED TO LEAVE THE PROFESSION DUE TO SEVERE LOSS OF INCOME AT THE HANDS OF APPRAISAL MANAGEMENT COMPANIES, AMC'S THAT HAVE BEEN NOTORIOUSLY SUCKING THE LIFE OUT OF THE RESIDENTIAL APPRAISAL PROFESSION FOR YEARS. SUCH AMC'S DO THIS WHILE CHURNING OUT LOWER QUALITY, LESS ACCURATE VALUATIONS/APPRAISALS AND PROFITING ON THE BACKS OF HARD WORKING MORTGAGE BORROWERS AND THE HARD WORKING APPRAISERS (OR BY HIRING LAZY ONLY SEMI-EDUCATED, CORNER CUTTING APPRAISERS IS REALLY MORE LIKE IT!!!). I'M SURE AMC'S AND THE LESS SCRUPULOUS LOAN BROKER GANG AND THE "BIG BANK" GANG SUCH AS CITIMORTGAGE OR CHASE MANHATTAN OR BANK OF AMERICA ARE ALL VOCALLY TELLING YOU THE OPPOSITE OF THE TRUTH, PERHAPS THREATENING ANTITRUST LAW SUITES I WOULD GUESS. IF YOU CAVE IN AND GIVE IN TO THEM, I BELIEVE YOU WILL DEFEAT THE WHOLE PURPOSE AND SPIRIT OF THE INITIAL DODD-FRANK BILL AND YOU WILL GUT OR DEFEAT ALL THAT WAS GOING TO BE GOOD FOR APPRAISAL INDUSTRY (SINCE THERE WILL BE A SUCKING SOUND AS ALL THE GOOD APPRAISERS CONTINUE A MASS EXODUS FROM THE PROFESSION ALONG WITH THE BAD APPLES YOU SHOULD CARE MORE ABOUT TOSsing TO THE CURB). THE END RESULT WILL BE A BLUE COLLAR INCOME FOR APPRAISERS THAT

TYPICALLY ARE THOSE THAT ARE HAPPY TO EARN A LOW INCOME IN THE \$35,000 PER YEAR RANGE. IF YOU ALLOW YOURSELVES TO BE INFLUENCED BY THE BIG BUSINESS BULLIES FROM THE LARGEST BANKS AND MOST NOTORIOUS LARGE APPRAISAL MANAGEMENT COMPANIES, ALL OUR CITIZENS OF OUR GREAT NATION WILL BE GETTING, IS A WHOLE NEW SET OF PROBLEMS WITH "LOAN RISK ASSOCIATED WITH LOW" QUALITY APPRAISERS AND APPRAISAL REPORTS OR OTHER FORMS OF VALUATION.

This isn't rocket science here so let me just spell out what is very obvious to experienced and honest, intelligent appraisers such as myself: If you continue to allow the AMC's to get away with the status quo (highway robbery) fee structure they have grown fat and bloated upon (on the backs of borrowers and appraisers), you are GETTING IT WRONG, VERY WRONG!! As you well know, the biggest and most notorious AMC's (LSI, Fiserv, etc) collect a reasonable and customary appraisal fee from borrowers/consumers via the lender, for example, \$450. They then send out a "low income", low skill-set-having or "corner cutting" appraiser who they pay around 50% to 60% of that customary fee they collected, and they pocket the 40 to 50% of the citizen's appraisal fee just for taking the appraisal order and managing the automated tracking of the appraisal order for the bank in their database of appraisal orders (THEY SMARTLY TELL THE APPRAISERS THAT THEY BETTER NOT BE MENTIONING WHAT THEY ARE GETTING PAID TO DO THE APPRAISAL TO THE BORROWER BECAUSE THE BORROWER/ CONSUMER WOULD BE LIVID IF WE TOLD THEM THAT WE WERE GETTING PAID \$210 OUT OF THE \$425 APPRAISAL FEE THAT THE BANK COLLECTED FROM THEM!!! Frankly, you'd be hard pressed to convince me that AMCs earn more than a \$20 fee per appraisal order for the actual fully automated services that they provide to the lenders, a service that a lender can get equally well from value added web sites/networks of appraisers such as APPRAISAL PORT.COM for a fee of \$10 per order. ALL THE RISK MANAGEMENT FUNCTIONS THAT AMC'S SUCH AS LSI LOVE TO CLAIM TO OFFER SUCH AS APPRAISAL RISK MANAGEMENT IS ALL SMOKE AND MIRRORS BECAUSE IT IS ALL WORTH ONLY ABOUT \$10 TO \$25 PER ORDER, TOPS. SUCH TRUE APPRAISAL RISK MANAGEMENT CAN ALL BE HAD FROM HIGHER PAID, HIGHER QUALITY APPRAISERS THROUGH APPRAISALPORT.COM, FOR EXAMPLE, FOR \$10 A SHOT RATHER THAN \$210 DOLLARS!!! Again, the big notoriously bad AMC's such as LSI "steal" over \$200 off the top of the customary and reasonable appraisal fee collected from the borrower - YOU GET THE PICTURE!!).

A FAR BETTER SOLUTION EXISTS:

The far better solution for mortgage banks, big and small, is to utilize value added website/networks such as AppraisalPort or Alamode software's "Mercury Network". Just use Quicken Loans and their affiliated Title Source Inc (AMC) as a guideline of how to GET IT RIGHT WITH RESPECT TO A GOOD BUSINESS MODEL FOR OUR GREAT NATION!!. Quicken Loans and Title Source are ranked consistently on the Forbes "top 100" list of best companies to work for - RANKED AROUND 29TH THIS YEAR!!! They collect reasonable appraisal fees plus a small premium for managing the appraisal orders and the quality of their appraiser affiliates. They pay perhaps nearly what an appraiser should get paid (fee is still \$50 lower than it should be but a lot better than being \$210 lower than it should be!). They run a "top shelf", top notch organization and the result is that their borrowers are constantly coming back as "repeat borrowers" AND THEY ATTRACT FAR MORE OF THE BEST APPRAISERS IN THE

COUNTRY

SUCH AS MYSELF. They put out loans that are of far lower risk than banks such as Citimortgage or Chase Manhattan (let alone the ridiculous mortgage loan broker loans). They are the only reason I continue to remain in the appraisal profession and OUR NATION NEEDS ME to stay in this biz! If all banks structured their appraisal management functions by copying Title Source and affiliate Quicken Loans, then the appraisal profession and its impact on our financial markets and consumers would be on the road to far healthier days and far less risky loans with less abuse of mortgage borrowers!!!

One last comment on this. I've noted that many of the low-life loan brokers have already figured out how to "get around" the intent, to some degree, of the regulations, by creating their own very small management companies that they utilize to effectively provide more of the same "biased appraisals" that the industry is supposed to be ridding itself of - the management companies I'm noting are often small, NY City based companies with nothing more than a 3-cubical corner of the mortgage broker's office with same email addresses and mailing addresses as the actual loan brokerage because they are all in bed together STILL!! What they've done is simply filled their appraiser rosters with all of the worst dishonest appraisers that they already had established relationships with in the past and they are selling this as a roster of "unbiased appraisers" but it remains the "in bed together" relationship that they will maintain by simply never adding the honest appraisers to the AMC list from the GET GO and going forward. They merely only add appraisers that are staff appraisers for the low life in-bed appraisal companies that they have a working "in bed together" relationship established over the previous decade!!! Please try to fix this circumvention HVCC aftermath problem as well!!!

I'd like to comment on a few good things that have come out of the HVCC and related regulations: HVCC successfully ridded the industry of a huge percentage of the corruption and dishonesty associated with unscrupulous loan brokers hiring appraisers directly - SUCH REGS MUST STAY OR WE ARE GOING BACKWARD TO THE DARK DAYS OF "WILD WEST" APPRAISER GUNS "FOR HIRE" WITH AN OUT-LAW APPRAISER FOR EVERY CITY, IN THE POCKET OF EVERY BAD APPLE LOAN BROKER.

AGAIN, PLEASE SAY "NO" TO THE PRESSURE FROM BIG AMC'S AND BANKS TO ALLOW THEM TO EFFECTIVELY KEEP THE STATUS QUO LOW FEES TO APPRAISERS AND THE MASS EXODUS OF THE ACCURATE/HIGH QUALITY APPRAISERS FROM THE INDUSTRY THAT THIS IS CAUSING RIGHT NOW!!!!

Please let me know if you actually read my comments above. If so, I thank you from the bottom of my heart and our nation will thank you for GETTING THIS RIGHT.

Sincerely,

H. Eric Van Leer
Van Leer Appraisals