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Subject: Regulation Z -- Truth in Lending

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Comments:

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I am writing you with my input, as a Certified Residential Appraiser, in regard to the interim final rule for R-1394, the Appraiser Independence Section 1472 of the Dodd-Frank Bill, currently set to become mandatory on 4/1/2011. And at the end of this letter, I also have a suggestion for fixing the lending system, so please read this note in its entirety. From what I have heard, you have been receiving some strong resistance from TAVMA, AMC's (Appraisal Management Companies) and big banks that they don't want to use the VA appraisal fee schedule as the basis of paying appraisers a "reasonable and customary fee". They want to be the ones to control my pay so that they can pad their pocketbooks at my expense. They must not be allowed to notably lower my pay for their gain. AMC's do not have my best interests in mind. What is happening is the AMC's are currently making their money off me, and off the borrowers. The VA appraiser fee schedule is still not the best, considering that my pay has not increased over many years, but it is at least agreeable to me as an appraiser over having the AMC's or TAVMA control my pay. The statement I have for you is plain and simple. It is NOT Appraiser Independence if someone else is controlling my fees that I charge for my services as a trained, professional and licensed/certified appraiser. I MUST be allowed to earn a "reasonable and customary fee" that I (and all appraisers) have input to control. Instead, I am being forced by the Appraisal Management Companies (AMC's) to take less and less pay and provide more and more in less and less time in an increasingly difficult and nonsensical housing market. That the "big money" is telling us appraisers to provide more and more, yet they're going to pay us less and less tells me that my work is not valuable. Is that really the government's message to me and all appraisers? We MUST establish some solid and reasonable base of what is a "reasonable and customary appraisal fee", and appraisers MUST have a voice in and be in

agreement of what that base is !! Otherwise it is NOT "appraiser independence". AG Cuomo initially had the right idea of mandating a "vehicle" whereby appraisers are no longer coerced by horrendous mortgage brokers to provide higher than honest appraisals. But in his lack of foresight, now we appraisers are being controlled, instead, by the new Appraisal Management Companies (AMC's), some of which are rumored to have been founded by the appraisers whose licenses were revoked due to misconduct! No one instituted regulations for these new AMC's, and they are completely running amuck. There is no "appraiser independence" in working for the AMC's. I would rather not work for them, but at the moment, I have no choice. They badger me constantly with phone calls to provide more and more data in less and less time and for less and less money. Truly, I am no longer being coerced to "hit" a certain value. HOWEVER, I am also not being given much continued work, once each new lender in the AMC learns that I am not the highest appraiser. So that tells me that the system is still broken. The highest appraisers are the ones still being given all the work. The mortgage brokers / lenders are still in control of the system, not Fannie, not Freddie, and not FHA and certainly not the US government. And while Fannie, Freddie, and FHA say they want honest appraisals, the mortgage brokers are still short-circuiting that goal. Very much so. I am an honest appraiser. My opinions of value reflect the market, no higher, no lower. One of my AMC clients has a "quality rating system", in which I have extremely high quality rating. Yet, I am oddly no longer getting much work from them. My lack of continued work from this AMC is proof that still, the "powers that be" want appraisals that "work" for them, not honest ones. Having AMC's was supposed to alleviate that. It has not. because

the AMC's are IN with the lenders and the big money. They're not in it for the appraisers!!! In my opinion, there is no "blind" assignment of appraisal work, like there was supposed to be. That was supposed to be part of the reason for having AMC's. In my opinion, certain appraisers are still being chosen for their high-end appraising. Otherwise I'd be getting regular work, if it were truly a "blind" selection process. In support of my statements above, here are two real life examples: 1) When I bought my house 16 years ago, I paid my appraiser \$300 for my appraisal. Now, I'm lucky if, today, I get paid \$300, and I have to fight for that. Has your salary stayed the same as it was 16 years ago? Has anyone else's salary stayed the same as it was 16 years ago? Even the minimum wage has increased, but my fees have not. I can't keep doing this. I'm now barely able to make my own home mortgage payments each month. I currently do not make a reasonable living as an appraiser. With all the hours I put into an appraisal, trying to make sense of this difficult housing market, and provide more and more specific data, I make less than \$10 an hour. How many specialized licensed professionals do you know who only make \$10 an hour??? I am BROKE from being an honest appraiser.

2) My sister and brother-in-law recently applied to refinance their home. They were a bit upside down in debt to value. Their mortgage broker ordered THREE appraisals, trying to get them the highest value. (They would be happy to verify this for you if you like.) I was appalled. Yet, who can I file a grievance to, about that? There is no one I can report that kind of thing to. THAT is the kind of legislation you need to put into motion. The mortgage brokers must be brought into line, unless you want the over-valuation refinancing mess to continue. Let me tell you, all the honest appraisers like me who refuse to bump values and refuse to appraise at the high end, well, we are simply going to quit. You will be left with all those (still) dishonest appraisers who consistently over-appraise. And they'll be able to stay in business because they keep getting the repeat business since they do still over-appraise. This country will then have a repeat of the mess that is

still trying to be cleaned up. It's really sad that the appraisal industry is governed by a body that won't even support us in the concept of true appraiser independence. The system is still broken. Creating the AMC's was not the answer. It only added a different kind of coercion. AMC's are bad. They are currently "reviewing" my appraisals, using people who are unlicensed non-appraisers. I constantly am required to waste my time explaining appraisal principles to them. Do you not see something wrong with that? That is like having me review a medical doctor's work. It is completely unbelievable. AMC's are causing more harm than good. They are unregulated, and thus, do whatever makes them the most money.. which is done by raising the cost of appraisals to the home owner borrowers and lowering my fee. They have been taking the rest, which is not truth in lending, because the borrowers are unaware that the "appraisal fee" is not being paid wholly to the appraiser. The basic economic "101" principle is you get what you pay for. It is very clear that the AMC's and mortgage brokers do NOT want to pay for good appraisals. They do NOT care. They still just want their "deal" to go through so they get paid. They are doing things like using Realtor-provided BPO's, as well as websites like Zillow.com and some illegally constructed sales databases to obtain free or cheap (and FLAWED) opinions of value. So the dishonesty in the lending industry is continuing. The use of the AMC has not changed that. Do you know that at least one of the AMC's (specifically FNC / AppraisalPort) has recently been brought up on charges in court for illegally creating a database of appraisers' data without appraisers' consent? IE, using stolen data. That must stop. or change. It's just like the music industry.. They need to pay me for the continued use of my data. I actually see nothing wrong with creating a database of appraisal data. but NOT from STOLEN data. PAY ME to do it !! Pay me to maintain it. A company called ZAIQ recently wanted ME to pay them (big bucks!) to create the database. That is just wrong. And the Appraisal Foundation was apparently behind that movement. That is sad. And it just says that no one wants honest appraisals. They want whatever they can get for free. If you do not allow appraisers to be instrumental in establishing their own appraisal fees, then you might as well just abolish the appraisal industry. Then a few years down the road you'll be in the same mess all over again. Then maybe you'll realize the value we honest appraisers have been trying to provide. We are trying to keep people honest. But the rest of the financial industry and many home buyers / borrowers are not honest and are thwarting that effort. We honest appraisers are the "David" against "Goliath". And "David" needs to prevail, for the good of the financial health of this country!! If you want to really FIX the residential lending system, you MUST change the way mortgage brokers do their job. Their mode of operation has never changed (always getting the highest appraisals), and it is because BIG money is behind them. We have no big money behind the appraisal industry because there's no money in it. We do what we do for the financial good of the country. (And I'm speaking only for those of us who are HONEST appraisers.) I have a suggestion on one way to improve "the lending system". This is something that needs to happen that no one will like, because it is like nasty-tasting medicine. You know you need to take it to get well, ut it's going to taste bad. Here it is:  
When a refinance transaction is completed, the appraisal needs to be filed with the county PVA office, and the borrower must be required (in the next tax cycle) to pay property taxes on that appraised value. THAT, my friends, will help keep EVERYONE honest. If the homeowners don't want to have to pay more taxes than what their house is really worth, they'll make the mortgage brokers keep their appraisal value in line. They won't want to be over-appraised. You institute that, and this country WILL get on the road to recovery. And I

know that won't be easy to institute, because everyone will complain about it, especially the mortgage brokers and the "big money" of the industry. But it needs to be done, for the good of all. So, will you help get honesty back into the residential lending industry? Institute the above suggestion, as well as "real" Appraiser Independence with "reasonable and customary fees" controlled by the APPRAISERS not by the AMC's, TAVMA, or the lending industry. AND let's change the business of mortgage brokers and get THEM to be honest, too !!!! Can we please do that? Thanks, Michelle Beierle Keystone Home Appraisals, LLC