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Comments:

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Docket No. R-1394 and RIN No. AD-7100-56 Chairman Ben S. Bernanke Board of Governors of the Federal Reserve System 20th Street and Constitution Avenue, Northwest Washington, DC 20551 Dear Chairman Bernanke, As an Appraiser of 26 years I know I speak for many of us. We were concerned that when HVCC took effect, A M C's would come to dominate the market and pay fees to appraisers that are unreasonably low. Many participants in the studies on this issue stated that the customer base for appraisers is almost exclusively A M C's, and that appraisers do not have leverage to negotiate fees. As a result, appraisal assignments are given to the lowest-cost appraiser, without regard for appraisal quality. From the largest lending institutions Appraisal Management Companies (A M C's) were born. How is this beneficial to the process, how is it "independent", how is it saving the homeowner's money? It isn't. The AMC's dictate which appraiser is to be used and the fee to be paid. This has caused an enormous shift in appraiser independence and fee reimbursement. The appraisal process has been taken over by the lenders who own the major A M C's. For the past three years, appraisal fees (paid to the appraiser) have gone down about 50% from what is reasonable and customary. While appraisal fees charged to the homeowner have increased. This has primarily been due to Appraisal Management Companies (A M C's) taking a major portion of the appraisal fee. What was once a competitive profession is now controlled by a limited number of A M C's who dictate the appraiser's fee. Please be aware that, unlike the picture painted by TAVMA, many existing fee studies do not establish "customary and reasonable" rates for appraisal services, because they do not differentiate between the costs of performing the appraisal, and the costs of "managing" the appraisal process. A new approach which would provide better Consumer Protection would be to separate the fees on the HUD-1 statement. The Consumer would see exactly what they're being charged: Reasonable Fees to the Appraiser for Valuation Services, and a Management Fee

for the A M C. The A M C "service" is actually provided to the lender. The Appraiser should not be paying for it with reduced fees. I respectfully request that the "customary and reasonable" component of the Dodd-Frank Act be upheld and instituted to the degree the law was intended.

Jeff Hosto
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