

From: Sandpiper Appraisals, LLC, David Laufman
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Comments:

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Name: David Laufman
Affiliation:
Category of Affiliation:
Address:
City:
State:
Country: UNITED STATES
Zip:
PostalCode:

Comments:

The recent passage of H.R. 4173, the Dodd-Frank Act, has many components of which one is of particular interest to real estate appraisers and American Consumers nationwide. Title XIV of the Dodd-Frank Act and the promulgation of the appraisal independence and the "customary and reasonable" fee provisions are very important and should be maintained. I am requesting that these provisions be upheld, and NOT delayed, as requested by lender dominated trade groups. The appraisal process for residential mortgages is the last, and only, independent source of objective analysis in the home purchasing process. I am a state certified real estate appraiser. I am not an executive, just your everyday go out in the field, inspect houses, condos or co-ops, and try to fairly evaluate market values appraiser. I feel very strongly about the "Independence" provisions of this bill and welcome any constructive measures to prohibit any one from placing undue influence on my appraisal process. In the past this pressure came from unscrupulous loan officers. With the advent of the HVCC I had hoped this pressure would be eliminated, I was wrong. Now it is being exercised by the banks and the Appraisal Management companies they control. In the past I would always make a business decision to walk away from the bad loan officer, and search for honest and competent people to provide my services to. Today I cannot do that. Due to the unintended consequences of the HVCC, the AMC's have been "GIVEN" a monopolistic control over the mortgage related part of the appraisal profession. Before HVCC I believe fifteen percent of all mortgage related appraisals ordered came from AMCs, today it is over eighty percent. All this in the short eighteen months of the HVCC. This is not the result of a free market economy, but an unintended consequence of the HVCC. In the past if there was a question about an appraisal, I would be able to speak with the underwriter and discuss any changes needed or not and the reasons for making or not making the changes. Today I am told to make changes whether I agree with them or not. If I don't do as instructed I do not receive any work. Nothing is said or documented, I just do not receive any

work. The banks own and control most of the large AMC's and they have taken the place of the bad loan officer. "DO WHAT I TELL YOU OR YOU WON'T GET ANY WORK." If the requests for changes were based on sound appraisal practices, I would welcome them, but they are often based on " bank requirements" and have nothing to do with establishing a provable market value. I would be more than happy to provide the additional service to expand the "Scope of Work" to any lending institution to satisfy their "bank requirements" as long as it made financial sense to do the additional work. That brings us to the second part of my letter. Customary and Reasonable fees. Everybody including the AMCs and the banks know what the intent of the phrase "Customary and Reasonable fee" to be. That is to return the fee to a level commensurate with the Scope of Work requested pre HVCC and before the AMCs were given an unfair advantage. I am real estate appraiser and I do not look for ways to spin this phrase to mean something other than what it was intended. Please do not let the banks and their attorneys twist this simple phrase into something that would enable them to keep the large profits that were legislated to them by the unintended consequences of the HVCC. The intent of the HVCC was to separate loan production staff and appraisers to eliminate coercion on appraisers to hit numbers. The actual consequence was to give the banks and the AMCs that they own complete control of the appraisal process. This control has not only hurt me and my family financially, but it has cost EVERYONE, yes I said everyone, that has applied for some sort of financing for their homes, whether it is for a purchase or a re-finance. Everyone has paid through higher costs for the initial appraisal, reduced portability often requiring a second appraisal, and having the appraisal work go to the cheapest appraiser resulting in poor appraisals. The only entities not hurt by it have been the large banks and their AMCs. They are reaping windfall profits from the HVCC legislation. After the HVCC was enacted I lost business from the reputable mortgage brokers I had been working with. As most Americans, I have bills to pay, so I needed to get more work, even if it was at half fee. I started to apply to AMCs. One AMC had a link on their web-site to the wholesale bank that they provide appraisals for. On the banks web site they had a banner stating mortgage brokers who brought the bank new business could "share in the new revenue stream generated by the appraisal process" Appraisers are getting paid less than half of what we used to before HVCC. Before HVCC I personally averaged about six hours of research, inspection time, and writing per single family non complereport. Fee \$350. With the addition of the Market Addenda \$375. If a property had any unusual aspects to it whether it was location, condition or use I would still be able to afford to give that report the time it needed. Today I am offered this work by the large AMCs at \$175 to \$255. It is impossible to give every appraisal the time it needs at this compensation level and the properties that are not cookie cutter definitely do not get the time they need. The banks are reaping huge profits and costing the American consumer more of their hard earned dollars because the banks saw a way to separate the loan production staff and the appraiser by controlling their own AMCs. Instead of the AMCs paying additional monies for this service they increased the fees to consumers and the banks have taken a large portion from the appraiser. The AMCs say they bring marketing, back office services, and reviews to the table. They do not. They do not market my services, they market theirs. I do not need their back office services as I have my own. We do not need their reviews. Banks are obligated to have their own underwriting staffs. They know what they need in a report and an underwriter can call me and ask for whatever they need to make the report satisfactory. They bring nothing to the table for the appraiser, why do We have to pay for them? If the banks feel that they need these services provided by the AMC then the banks should pay them from their profits not my fees. The banks could have satisfied the requirements of the

HVCC by having a person or department not associated with the loan production staff assigning appraisals on a rotating basis. They chose not to, let the banks pay for the decision to use their own AMC. Real Estate is a local thing. Market values, conditions, and trends can change just by crossing a street. Help insure that the appraiser who is familiar with the local markets are being compensated fairly without undue pressure from the large AMCs.

Recently in desperation for work I applied for a local staff position with one of the larger AMCs. They required that a staff appraiser complete 40 appraisals a month. Lets look at this. Based on 22 work days in any month, that means an appraiser must schedule, research, inspect, verify, and write 1.8 reports a day. Back in the day before Market conditions addenda, 5 comps and other new requirements, New York State considered each single family report to be worth 6 hours of appraisal experience. Now it is probably closer to 8 hours with all the new requirements. Let's compromise and say 7 hours per appraisal. $40 \times 7 = 280$ hours of work divided by 22 working days equals 12.72 hours per day. Lets say it a different way. Fit 1.8 appraisals into an 8 hour work day means only 4.4 hours per appraisal. Is that how we ensure the American consumer is getting a quality appraisal. Since I can no longer solicit mortgage appraisal business on my own I am only asking to be paid a customary AND reasonable fee so the American consumer can get a quality valuation. The crisis we are in was caused by greed, poor oversight, and well intentioned legislation that had significant un intended consequences. Let's rectify at least one part of the unintended consequence so that we may get on the road to solving the rest of the crisis. By the way, I am available for appraisal work. I offer top quality reports, fast courteous service, and fair and reasonable fees.

Respectfully, David Laufman Sandpiper Appraisals, LLC.