

From: Appraisal Institute, Leo S Swoyer  
Subject: Regulation Z -- Truth in Lending

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Comments:

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Proposal: Regulation Z - Truth In Lending Act  
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Comments:

Regarding TILA Section 129E/Section 1472 of the Dodd-Frank Wall Street Reform:  
The integrity of collateral and investments built upon real estate collateral is contingent partly on the true independence of the appraisal professional from manipulation and exploitation. Effective implementation lies in the full enforced of provisions that prevent the seeking out of unethical participants while at the same time stopping the insidious boycott via blacklisting of ethical appraisers whom will not forgo their integrity to comply with demands to commit fraud. A great degree of this control is created through a typical type of threat "cooperate or you will never see another assignment again". Unfortunately, blacklisting would normally affect all clients, since we are often required by contract to divulge blacklisting by anyone which then spreads to most all institutional clients. By basically forcing a choice upon the appraiser to either continue their livelihood and profession by cooperating or by being blacklisted or simply no longer given work by not cooperating, a chain of cooperative "unethical" appraisers were nurtured and developed in the market place to serve many mortgage fraud schemes. Ethical appraisers that don't receive work cannot influence the system with their integrity or valuation expertise, since they are effectively shut out of the process. This unsavory tactic is made all the more powerful by having almost 70% of all mortgage financing being done by just a handful of lenders, which by themselves form a monopoly. A free "fee" market nor an objective appraiser cannot compete with or promote an ethical process when a monopoly of this magnitude confronts the appraiser. They dictate the market and fees and largely how things are done - they have the power and the more they understand they are beyond reproach, the more the appraiser and the quality of collateral suffers. I beg the decision makers at the Federal Reserve to implement and enforce fully the appraiser independence provisions, including those that govern customary and reasonable fees be paid and without easy loopholes whereby fictitious market fees are promulgated by special interests and those that serve the past abusers

of our financial markets and participants. Aside: If implemented, it still seems a mockery and bad joke against the Fed's oversight effectiveness to make compliance mandatory on April Fools day. It makes many of us think the ones in power are mocking us too when we are the ones that want to maintain the integrity of our profession and to have some basic effective enforced protections from this monopolistic control. Even now we receive demands to comply with changes in value or else assignments will cease - this is not just a threat of one client or small segment of the market and it will only get worse if no effective deterrents are put in place. Thank you. Leo Swoyer  
Certified Residential Appraiser