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Comments:
When I first entered the appraisal profession, I was somewhat shocked at the appraiser's role in a mortgage transaction and how we were treated by the players involved. At it's worst, it was get this appraisal done, get me my value, and get it done quickly, and oh yeah, we'll pay you if the loan closes. This is why a lot of appraisers made it a point to get "paid at the door" so payment could not be witheld if a desired "value" was not reported. I was kind of baffled at why the mortgage broker or the person ordering the appraisal did not want to know the "true or accurate" value of the property that they would be lending someone money to buy. Of course, I figured it out pretty quickly that most of the brokers are commissioned sales representatives whose main goal was to get as much "value" for the property as possible; thus, increasing their commission(s) and increasing profits for whatever company or bank they worked for. Also, I figured out that the mortgage company or bank, would typically sell the loan so they really didn't have to worry about or care if a property was overvalued or if the borrower could pay the loan back. The loan would be sold to Fannie or Freddie and the broker would be on to the next deal. With the system set up the way it was it didn't make sense for a commissioned loan officer to care what the "true" value of a home would be, his job was to make money and get as much value as possible and if one appraiser couldn't get him/her that value, they would find one that would. An honest appraiser would find himself with little to no work in these types of transactions. With the advent of the HVCC, a necessary buffer was created between the appraiser and the person ordering the appraisal. I believe this portion of the HVCC has been successful in that it has limited any attempted direct coercion or undue influence on an appraiser by a loan officer or lender. However, one unexpected consequence has been the "cherry picking" of the
appraiser's fees by the appraisal management companies that were enlisted to serve as the buffer for appraisers and lenders. In many cases, these appraisal

management companies are owned by the banks or lenders. I believe this might be a conflict of interest in what the HVCC was supposed to promote (appraiser independence). With the new HVCC arrangement, the actual money paid to the appraiser for a particular assigment has gone significantly down; while the actual appraiser fee charged to the customer has gone up substantially in many cases. In some areas, a prospective borrower is being charged upwards of $600 for a single family residential appraisal while the actual person appraising the property is receiving maybe $190. This buffer that was created by the HVCC had been a boon for the AMC's (appraisal managment companies) but has been quite a hardship for most appraisers. Appraisers have a lot of expenses to remain in business including: being licensed, continuing education, carrying Errors and Omission Insurance, paying for data, software, gas, and a myriad of other expenses that come up. (not to mention paying taxes) The appraiser was already the lowest paid person involved in any real estate transaction. The AMC's take more than half of the appraiser fee without any or close to any costs that the working appraiser has. While most of the other players in a real estate transaction receive lofty commissions, the appraiser has been working for a steadily declining flat fee during the past decade. My hope is that a good long look can be taken at the entire process and regulation z will produce significant reforms and a mutually beneficial and fair relationship for all parties involved.