

From: K. D. Ryan Appraisal Services, Karen Ryan  
Subject: Regulation Z -- Truth in Lending

---

Comments:

Date: Dec 17, 2010

Proposal: Regulation Z - Truth In Lending Act  
Document ID: R-1394  
Document Version: 1  
Release Date: 10/18/2010  
Name: Karen Ryan  
Affiliation: K. D. Ryan Appraisal Services  
Category of Affiliation:  
Address:

City:  
State: NH  
Country:  
Zip:  
PostalCode:

Comments:

Regarding "customary and reasonable fees": Any serious attempt at defining this must consider what fees were before the implementation of HVCC. After Appraisal Management Companies became the supposed "objective" intermediary between lenders and appraisers, the quality of appraisal work and fees paid dropped dramatically, and the cost to borrowers rose as the AMCs made sure they got their share of the profit. AMCs are systematically destroying the appraisal profession. Maybe that is the real intent of all this regulation. AMCs call around to find the cheapest and quickest appraiser. If your fee is "customary and reasonable" for your market, and you take the necessary time to produce a credible appraisal report, you probably won't get the job. I've been appraising since 1986. I am fortunate that most of my lender clients retained the ordering process in-house by separating loan originators from the ordering process. I'd drop lender work or change careers before I worked for half my usual fee. But many appraisers, particularly those fairly new to the business and therefore not as well established, are forced to work for greatly reduced fees. The quality of appraisal work has plummeted. Appraisers are working in areas in which they have no expertise nor do they take the time to get that expertise. They don't bother to research and confirm sales, they use all MLS photos for the comps because they didn't do an actual driveby. For \$175 to \$300, they can't afford to. To make a living wage in the era of HVCC and Dodd-Frank, they must do many more appraisals than they used to. Something must give and it's usually quality of work. Which brings me to "Scope of Work" creep. As appraisal fees decline, lenders and AMCs are asking appraisers to do more work for less money. Some of the additional requirements are valid and provide good data but others seem arbitrary and designed just to cover the AMC's butt. If the Fed's goal is to rid the country of good appraisers, then you're on the right track - but you're not protecting consumers or lenders. If you are interested in ensuring that the mortgage mess of the last few years and

decades isn't repeated, you have to make sure that appraisers will be adequately compensated for the quality of work they provide. Anything less is a betrayal of the public trust.