

From: Jerilyn Bock
Subject: Regulation Z -- Truth in Lending

Comments:

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I've been a full-time appraiser for 25 years. I'm writing to provide feedback regarding the new law requiring real estate appraisers to be paid our reasonable and customary fees. Every appraiser, and every bank, knows what the reasonable and customary appraisal fees are in their community. This is no mystery to anyone. Why is this even open for debate? These are the fees we were paid PRIOR to being forced to work for the big lender's AMC's for about 40% less than our customary fees.

In my community, the basic customary and reasonable minimum appraisal fee is \$400-450 for a full appraisal on a single family home. But AMC's pay appraisers on average about 50-60% of the customary appraisal fees that the lenders collect from the borrowers. We are forced to do business with these AMC's because the big banks use them, and in many cases own them, and tell them what to do. Why is this conflict of interest ignored?

Since the economy and real estate in general have reached an all-time low, if we want appraisal work, we are forced to accept the low-ball AMC fees, or we get NO work from them. Regardless of what they say, AMC's choose an appraiser based SOLELY on who will do a job the cheapest, and the fastest. It has nothing to do with experience or quality. We have nothing to say about any of this since we are no longer "independent" and, unfortunately, we have no political clout like the big banks. So AMC's tell us what they will pay us - take it or leave it. How exactly does this make us "independent?"

AMC's have taken the place of the mortgage brokers with a different set of problems. But at least prior to HVCC, when working for mortgage brokers, we were paid our full fees, and we could choose who to work for. But now, 2 years later, AMC's and their big lenders have a monopoly on most of the loan/appraisal business in the country.

AMC's are forcing appraisers out of the business by the thousands across the country since we can no longer make a decent living. Our expenses keep rising while incomes have dropped in half. In my area, comprised almost entirely of complex, difficult, non-conforming properties, it takes an average of eight hours to produce a good quality appraisal from start to finish. When I do a job for an AMC, I now make about \$15/hr after expenses which is unsustainable. I'd be better off working for Costco - at least I'd get paid benefits. Also, no one with any common sense is entering the profession for these same reasons. But maybe this is the real goal of the Federal Reserve and the big banks - to force us out of business.

In California, there were approximately 19,000 licensed appraisers state-wide 3 years ago. That number has dropped to about 14,000 and will continue to drop as more and more appraisers are forced out of business by low-ball AMC fees.

The Federal Reserve should have NO PROBLEM finding published customary fees in any area of the country since the VA publishes these fees online for every state. FHA also had published fees. Also, many surveys have been done by

appraisal organizations. And, of course, every appraiser knows exactly what customary fees are in his/her community.

In addition, the "reasonable and customary fee" is the fee the lender charges the borrower for an appraisal when they apply for a loan. Again, this fee is what we were paid PRIOR to being forced to work for these same big lender's monopolistic AMCs. In my county, Santa Cruz County, CA, that basic starting appraisal fee is a minimum of \$400-450 for a full appraisal with higher borrower fees for more complex properties. This is easily confirmed by surveying the banks, and asking borrowers what they were charged for their appraisal. There is no need to delay implementation of the law since the information is readily available to everyone. It is no mystery to anyone.

I've been appraising for 25 years and have never seen a profession so destroyed in such a short time by AMCs. The AMCs pay me a cut-rate, heavily discounted fee per full appraisal regardless of the complexity and expect it done asap. They ONLY care about getting someone, anyone, to do it for the lowest fee and in the shortest amount of time. Regardless of what they say, quality and appraiser experience mean nothing to AMCs. None of their staff that we have to deal with on a daily basis are appraisers! How can they supervise a product they know so little about? How does this benefit the consumers who rely on us to be able to produce a professional, well executed product?

Please enforce the REAL and TRUE customary fees which can easily be found on the VA's website, or by surveying smaller banks who do not use AMCs and who pay their appraisers directly with no AMC middlemen. Or just ask Wells Fargo, Bank of America, Chase, Citibank, what they charge their borrowers for an appraisal. In my area, this minimum borrower appraisal fee is \$400-450 for a full appraisal, not 40% less which is forced upon us by AMCs.

If the big lenders want to keep using their AMCs, subsidiaries of the lenders in most cases, the lenders should pay the AMC fees, not the appraisers. But, instead, the lenders and AMCs take a chunk of our fees and force the appraiser to pay for a service we do not want and certainly do not need. We appraisers DO NOT need the AMCs - they need us! Also, borrowers who apply for a loan have NO IDEA that the appraiser does not get the actual full fee they pay the lender for an appraisal. Shouldn't this be disclosed to the borrower?

Please support and enforce implementation of the law regarding reasonable and customary fees paid to appraisers so that we appraisers can stay in business and return to making a decent, sustainable living again. This was the intent of the new law. It's ludicrous to even suggest that "reasonable or customary" fees are those heavily discounted AMC fees which are neither reasonable nor customary.

Please use the VA schedules, readily available published data for every state, as a guide to fees in any area of the country. Or just ask any borrower what their lender charged them for their appraisal. Isn't that borrower fee really the "customary" fee for the area? Thank you.

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