

From: Drew M. Swanson Appraisal Service, Inc., Drew M. Swanson  
Subject: Regulation Z -- Truth in Lending

---

Comments:

Date: Dec 21, 2010

Proposal: Regulation Z - Truth In Lending Act

Document ID: R-1394

Document Version: 1

Release Date: 10/18/2010

Name: Drew M Swanson

Affiliation: Drew M. Swanson Appraisal Service, Inc.

Category of Affiliation: Other

Address:

City:

State:

Country:

Zip:

PostalCode:

Comments:

Appraisal Management Companies (AMC's) have become profitable for their owners (often time associated with the lender) due to their shopping the appraisal order to the lowest fee found. This is a common practice among AMC's. This results in the most desperate and least experienced appraisers are often awarded business which they should not be doing - often times coming from another area or lacking proper experience. Quality appraisers will not work for heavily slashed fees (what many AMC's have been paying). Second rate appraisers will - often being forced to cut corners and have trainees perform much of the work due to the heavily reduced fees - thus producing a clearly inferior appraisal. Bottom line - The AMC's income stream should be paid for by the lender, not by slashing the fee paid to the appraiser and pocketing the difference. Presently, they have a strong profit motive to do so. The home owner sees the cost of the appraisal (which has gone up since the creation of the AMC's) and does not realize that a large percentage often goes to a highly profitable middle-man (the AMC).