

From: Sue Sauer
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Name: sue sauer

Affiliation:

Category of Affiliation:

Address:

City:

State:

Country:

Zip:

PostalCode:

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Dodd-Frank - Financial Reform Bill Docket No. R-1394 and RIN No. AS-7100-56 RE: Implementation of the "Appraisal Independence" provisions. History: 1. Prior to May 2009, when Attorney General Cuomo created "HVCC" the AMC's only had ~ 10% share of the "Appraiser Business AMC Model. 2. In less than 12 months the Nationwide Big AMCs (Majority Big Major Banks & the Title Insurance Co's) have 80-90+% share. 3. This has eliminated the Self-Employed / Non Fee Split Appraiser Business Model, FORCING Appraisers to accept Mortgage Related Assignments from the AMC's. 4.TAVMA Reports that they represent ~ 75% of these Appraisal Management Companies. Issues/Concerns: How does this equate to "Appraisal Independence"? 1."HVCC" created a "MONOLOGY" for the AMC's & removed any "Free Trade" for the Small Business/Independent Appraiser's to accept work directly from Independent Mortgage Brokers and Banks. 2. Prior to May 2009/HVCC ~75-90% of all Home Loans (for purchase or refinance),were from Independent Mortgage Loan Brokers/Correspondents - not directly from Banks. 3. The "HVCC" stated that the Independent Mortgage Loan Brokers/Correspondents CAN order the "Appraisal" from a NON-Commissioned department. BUT the BIG BANKS/LENDERS have Dictated/Directed that the Independent Mortgage Loan Broker's/Correspondents ordered Appraisal Reports, WILL NOT BE ACCEPTED, unless the appraisal report was ordered thru their Specified AMC's. 4. Prior to HVCC - there were NO questions about "Customary & Reasonable" Appraisal Fees. The LO/Brokers/Banks were aware of the Market Fee Range for assignments/Scope of Work, Turn-Around Times & the Appraiser Quoted and Collected the Fee for the Assignments from the borrowers at the time of the appraisal appointment. 5. Appraisal Fee's WERE based on the Scope of Work & the Complexity of the Assignment. The "Appraiser" quoted the Fee, after they did a preliminary research of the property. 6. Across the board One Price Fits All - does not address the "Scope of Work & Complexity of the Assignments. 7. Appraisal Fee's are KNOWN - Check the Truth & Lending Statements prior to May 2009. 8. Mortgage related work equals ~ 90% of the Appraisers income, WHICH is now CONTROLLED by the Big 4 Banks and the TAVMA industry. 9. How has this kept the Appraisers

"Independent"? The Original Appraiser Lawsuit was because of the Big Banks - forcing the appraiser to change value! NOW they Control even MORE of the Appraisers' work. 10. The Big AMC's are not using a random rotation of appraisers, but are giving preferential treatment to some, while excluding the majority of qualified professional appraisers. Assignments are going merely to the lowest bidder. 11. How can the industry attract new appraiser's into the profession, and compete with other professional occupations, when the appraiser salary range does not equate to the educational requirements, internship time, cost associated with maintaining the license and business expenses? License renew rate is at ~ 40-60%. AMC / Appraiser Cost to Operate: 1. Why should the Appraiser's Fee be used to cover the cost of the AMC's to do business? The AMC's are actually an extension of the Lender/Bank cost to finance a mortgage related product to the consumer, just like the compensation to the Loan Officer, Broker, Correspondent and other salary and commissioned positions. 2. The AMC's TAKE 40-60% of the "Appraiser Fee" - for simply processing the assignment to the appraiser, collecting the fee, sending the appraisal report thru an "Automated Quality Control/Review" software, returning the completed report back to the Lender, and paying the appraiser (which can be 45-120+days - from the some of the biggest AMC's) for ~ 1 hr of time per assignment. 3. The AMC's operate on High Volume (100's/1000's per week) compared to the individual appraiser (4-8 per week - typical time per assignment ~ 8 hrs). 4. TAVMA has reported that a "Small AMC with 3 employees can gross ~ \$250,000 per year" (the article did not expand on the number of assignments they processed in this time period. 5. The Consumer is not aware that the "Appraiser Fee" on their Truth & Lending Statement is actually the "AMC's Fee & the Appraiser Fee Split" Combined. It has been reported that in some markets the AMC's fee is higher than what the appraiser fee was prior to May 2009 HVCC. 6. The self-employed appraiser and the CONSUMER are NOW forced to cover the expenses of the AMC's and their cost to do business. Appraiser fees were typically \$375-\$425 (depending on the market & for a non-complex assignment) prior to May 2009/HVCC . The Appraiser fees have been reduced to \$125-\$300, as the AMC takes their fee/% off the top. 7. The Appraiser's business expense's have not changed ~ \$7,000 per year: license fees \$520 every 2 yrs, Errors & Admission Insurance \$800-\$1,000 per yr, education (14 hr each yr. Classes range from \$99 - \$350+), report software \$1,000 per year, MLS \$300+, data bases \$500+, computers, printers, paper/toner cartridges, measuring tools ,office supplies, inter-net access, cell phone, auto maintenance & insurance) - not including Taxes, Health Insurance & Marketing Cost. 8. The Appraiser's Scope of Work has not changed - only who we now receive assignments from. Scope of Work: Manage Multiple Assignments, Customer Service, Keep Client(s) Updated, Schedule the assignment with the Borrower or Listing Agent -verify property information (GLA, recent improvements, location.) Verify MLS data with tax records & with Listing or Selling Agents - seller concessions, repairs needed, check with Planning Dept for permits and zoning. Select Comparables. Measure Property, drive Comps & take photos. Analyze market data, write & review Report. Total time to prepare and finish an appraisal report -7-10+ hrs depending on the complexity of the assignment. 9. Appraiser have been turned into "Form-Filers", as the AMC's want "Quantity" over Quality, Quick turn around times, No REAL Market Analysis, as long as all the "Boxes" pass the "Quality Control Automated Review", regardless if the adjustments accurately reflect the subject or comparable properties. In the current "Unstable" Housing Market, you would think the Lenders would want Real Market Analysis. Educational/Field Requirements to become an Appraiser: Trainee -to Licensed Appraiser Level (AL): 150 education hrs, 2,000 hr field experience (taking at least 12 months - this typically takes longer), and pass a National Test for

this level. During this time period they are working under a Senior Appraiser - getting paid a % of the fee - as they develop their working skills & market knowledge, with the Senior Appraiser signing off on the work/hrs. The AL Licensed Appraiser can appraise 1-4 unit residential properties, non-complex, valued up to 1 million dollars. Certified Residential (AR): Minimum 2.5 yrs experience, 200 hrs of education total, 2,500 field hrs total (after Jan 2008, the appraiser must have an Associates Degree), and pass National Test for this level to appraise any 1-4 unit property, regardless of complexity and value. The majority of the appraiser work for mortgage related products is done by Certified Residential (AR) licensed appraisers. In 2009 FHA required their appraisal assignments be completed by Certified Level appraisers and the majority of lenders followed with the same requirement. Appraisers did not spend years learning their trade/market skills, to HAVE to fee split for a living. Independent Self-Employed Appraisers request: 1. 100% of appraisal fee (reasonable and customary prior to the HVCC), MUST be paid to the appraiser. 2. The "Appraiser" not the "AMC" sets the "Appraisal Fee". 3. The "AMC's Fee" is not to be taken in part or whole out of the "Appraiser's Fee". 4. The Appraiser CAN Collect the Appraisal Fee Directly from the Borrower, unless other payment agreements have been arranged and/or the AMC's MUST Pay the appraiser within 15-30 days of assignments being turned in. Many AMC's take 45-120+ days to pay, and the appraiser has to "beg" for payment. 5. The Same Rule & Regulations regarding 3rd Party Management Co's/AMC's, apply to the Direct Lenders/Banks/Funders AMC's for paying the appraiser 100% of the appraisal fee. 6. The "Appraiser invoice" shall be included as part of the appraisal report when submitted, with full disclosure of all fee's (the Appraiser's & the AMC's). 7. The Consumer is not aware that the "Appraiser Fee" on their Truth & Lending Statement is actually the "Appraiser's Split & the AMC Cost +". It has been reported that in some markets the AMC's fee is higher than what the appraiser fee was prior to May 2009 HVCC. 8. The Truth and Lending Statement MUST: a) Note the Fee Paid to the Appraiser b) Note the Fee the AMC's are charging for their services. c) These MUST BE SEPARATE LINE ITEMS. 9. Responsible "Turn-Around Time" 2-4 business days (8-10 hr work day) after the appraisal appointment are typical, depending on the complexity of the assignment and the work load of the appraiser. Rush orders should be the Exception not the Usual. 10. The ability to market ourselves & receive appraisal assignments directly from: Banks/Lenders and Independent Mortgage Loan Brokers/Correspondent Sources, without the Lender/Bank/Funder Directed/Specified/Owned AMC. 11. Direct Lenders/Banks/Funders CAN NOT OWN/OPERATE their own "AMC's" 12. The AMC's shall not require, or include a hold harmless provision in any contract for an appraisal or require that an appraiser indemnify the AMC against any liability. 13. The "Appraisal Report Data" belongs to the "Appraiser" not the AMC/Lender. "Data Mining" the information is not permitted without permission of the "Appraiser" & the "Appraiser" should be compensated for this information, at fair "Market Value" for this data. Our "Report Data" is similar to reselling the "Mortgage Instrument on the 2nd market, Music Cd's & Entertainment Video's", in the fact that our "Report Data" is stripped out and "re-sold" to Title Co's, Lenders & Banks for "AVM Automated Valuation Models" Suggestion: The 3rd Party Interface - should be an "Independent Central Processing Center":

- a) Not owned or operated by any Lender/Bank/Funder/FHA/Fannie/Freddie/GSE for a mortgage related product.
- b) These should be located in the State where the property is located (maybe under the State Regulator Office for

appraisers)

c) Local

/ Regional Senior Appraisers, who know the market(s) - review these appraisals, certified for accuracy, report fraud/misconduct to the State Appraiser Office, and recommend sanctions, fines, additional education, and license removal.

d) The

appraisal report goes thru this "Independent Central Processing Center" before going to the Lender

e) Cost

to fund this "Center/payroll" is taken out of the Lender/Banks/ GSE's mortgage related product profits. There is no other Profession, where one day the professional COULD be SELF-EMPLOYED, and the Next they are FORCED to work thru a 3rd Party, who TAKES 40%+ of their income. The "Appraisers" did not cause the Financial Crisis, but we are being held "responsible". There are existing "Regulations" in place, with checks & balances, that were not followed, from all the disciplines involved in the "Federal Financial" process. Sue Sauer Certified Residential Appraiser Member of the California Coalition of Appraisal Professionals(CCAP)
National Association of Independent Housing Professionals (NAIHP)