

From: Kenneth Tamblyn
Subject: Regulation Z -- Truth in Lending

Comments:

Volume Discounts

There should not be any "Volume Discounts" in the appraisal negotiations regarding Customary and Reasonable fees.

Two reasons

1) This would tend to rush an appraiser to perform appraisals at a lower standard. The appraisal takes the same amount of time per report to complete whether he does 1 or 30 per month.

2) There is no way to predict whether the market will be busy or slow from month to month. This has been a tactic by creditors and AMC's that has been used for decades. They promise a "Volume" for a lesser fee, but rarely deliver. They can never "Promise" 30 appraisals a month, because they have no idea if interest rates are going to go up, or if the housing market is going to pick up. There is no way to predict or promise a certain number of assignments in the future.

A solution

If a Creditor or AMC promises a "Volume Discount" they should be required to promise X number of appraisals, and pay that amount, even if they only order many less.

Example

AMC typically pays \$400 per appraisal. They offer the appraiser \$380 with a guaranty of 30 appraisals per month. As typically happens after this type of promise, the AMC only orders 15 appraisals. They should be required to pay the appraiser for the 30 guaranteed appraisals, since that was the agreement for the lower fee.

If the AMC's actually believe in "Volume Discounts" then they should finally be held to pay for these discounts if they fail to deliver (In my experience 100% of the time) I would be willing to take on these types of assignments, because I already know that I will be paid for 30 appraisals.

Thanks for your consideration in this matter.

Kenneth Tamblyn