JOSEPH B. BENES & ASSOCIATES

REAL ESTATE APPRAISERS & CONSULTANTS

October 21, 2010

Chairman Ben S. Bernanke
Board of governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20511

Re: Final regulations Implementing Section 129E of the Truth in Lending Act

Dear Chairman Bernanke:

I am a real estate appraiser with over 40 years of experience appraising single family homes for mortgage loan purposes. I own an appraisal company, *Joseph B. Benes & Associates,* located in Sugar Land, Texas, a suburb of Houston. My firm was established in 1975. I hold the SRA Designation from the Appraisal Institute and am a Certified General Appraiser, licensed in the State of Texas.

My company has employed dozens of appraisers who have performed thousands of appraisals during the 35 years of my company's existence. Many of those appraisers have gone on to establish their own firm and have trained and employed many other appraisers.

TYPICAL FEES:
When my firm was established in 1975, a typical fee for a residential appraisal was $75.00. With changes in requirements and with changes in reporting forms requiring additional time and work our fees gradually increased until 1992 when typical fees were about $325 for an appraisal reported on a Uniform Residential Appraisal Report (URAR)

Today, with most lenders requiring an additional form called the Market Condition Form which is generally thought to add $35.00 worth of time to complete, a typical fee for an appraisal reported on the URAR form is $400.00. **That is an 8.7% increase in revenue in 18 years.**

If appraisal fees charged in 1992 to borrowers had increased along with the inflation rate for the rest of the economy over the past 18 years, the typical borrower would be paying over $750.00 for an appraisal. $400 per appraisal is really not enough, but we could survive if our typical fee was $400.00 and we were allowed to negotiate higher fees for more complex assignments.

In 1992, the median price of homes in my area was bout $60,000. Today that price has risen like all other segments of the economy by over 100%. Others in the real estate industry who work on a percentage of sales price or loan have enjoyed increased revenue of over 100% per transaction.

Although my direct lenders (Non Appraisal Management) pay a typical fee of $$375.00 to $425.00, my AMC work (mainly RELS owned by Wells Fargo, and Landsafe, owned by Bank of America) ranges from $240.00 to $265.00. We do very little work for other appraisal management companies because they will not pay our requested fee.

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We work for RELS and for Landsafe because they took my business when they were established in 1993 and 1996 respectively. With their fees averaged into our total work, our **average fee is less than it was 18 years ago, while our turnaround times are shortened and our assignment requirements are hugely increased.**

TRAINING FOR NEW APPRAISERS:
As I mentioned previously, I have trained many appraisers over the years. Many now have their own appraisal company. **There is absolutely no way for me to consider hiring a trainee and spending my time and my money to train them properly. First, I have to spend my time doing appraisals as fast as I can to make a living. Second, there is no money to do anything but pay expenses. I take home 40% less than I did four years ago and worry everyday about staying in business.**

FEES, FREE MARKET, MONOPOLIES:
I have seen comments from appraisal management companies saying the market should decide what typical fees are. That certainly should not include what they pay. They now own 80% of the market because of the windfall of the HVCC, and essentially operate as a monopoly. Although the provisions of HVCC are good and have helped reduce lender and other pressure on appraisers, the monopolizing of our industry by Appraisal Management Companies with their low fees, low turnaround times, ridicules rules, and incompetent appraisers neutralize any good effect of the HVCC regulation.

The Fed rules addressing and correcting these weaknesses is to me the last chance for the appraisal industry to survive. Appraisers have the same expenses as any other professional. Rent, fuel, salaries, office supplies, insurance and the like. Our fees have been artificially been held down and are at or below 1992 levels, not by market forces, but by large banks and upstart AMCs that wanted a piece of the pie, regardless of what it did to the quality of work.

Thank you for reading all of this. My passion for my industry is very high as is my genuine concern. The mortgage lending industry cannot survive without professionals like us being the eyes and ears of the lender. Please do not let this very important part of the mortgage loan underwriting process disappear.

Sincerely,

Joseph B. Benes SRA
Real Estate Appraiser

CC:
The Honorable Christopher Dodd
The Honorable Barney Frank
The Honorable Kay Bailey Hutchinson
The Honorable John Cornyn
The Honorable Pete Olsen