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Comments:

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In the opinion submitted by the Title/Appraisal Vendor Management Association (TAVMA) they state that there is "no readily identifiable source of customary and reasonable appraisal fees nationally, by state, county, or other governmental division. This is completely and absolutely untrue. The Veterans Administration (VA), a large federal governmental division, has maintained and used a set appraisal fee schedule for many years. The VA has set in stone appraisal fees for every state. The VA fee schedule is almost universally considered "customary & reasonable" in the appraisal industry. Study of the VA fee schedule would be an ideal foundation for the implementation of customary and reasonable fees. The TAVMA organization may technically be a non-profit entity but the member companies they represent have seen their profits increase exponentially over the past few years, especially their Appraisal Management Company (AMC) members. Prior to the implementation of the Home Valuation Code of Conduct (HVCC) AMC's were responsible for approximately 15% of nationwide appraisal orders. The HVCC, a set of guidelines forced on Fannie Mae and Freddie Mac, by a politician with financial ties to AMCs, ended up causing a massive shift in the appraisal industry. The most recent estimates indicate AMC's now handle almost 80% of nationwide appraisal orders. Prior to the HVCC appraisal orders were sent directly to appraisers by banks and mortgage brokers. Homeowners in my area were typically charged \$300-\$350 for an appraisal on their single family home. 100% of that amount went to the actual appraiser. Now, banks and mortgage brokers are basically being forced to send appraisal orders to Appraisal Management Companies. These companies are middlemen that provide no useful service except to assure there is no contact between the lender and the appraiser. They receive an appraisal order and send it to an appraiser. When the appraisal is finished they receive the finished report and forward it to the lender. For this trivial amount of work, AMCs keep up to 50% of the appraisal fee. Now, after the HVCC, homeowners in my area

routinely pay \$400-\$600 for an appraisal. Of that fee charged to the homeowner, the actual appraiser who does the appraisal will be paid roughly half of that amount. TAVMA makes the argument that implementation of a fair customary and reasonable appraisal fee system will lead to increased appraisal costs passed on to homeowners. That is a half truth. Implementation of a customary and reasonable fee system (like the VA) will increase the appraisal costs paid by homeowners only if the AMCs try to continue to claim such a large percentage of the appraisal fee. If AMCs were removed from the system completely, the appraisers would go back to making a livable wage and the cost to homeowners would go down. The largest of the big AMCs are wholly owned subsidiaries of the big banks (Bank of America, Wells Fargo, etc). These few large management companies now control more than half of appraisal orders in the United States. Those banks require appraisals be ordered through their AMC divisions so they can make a profit off the appraisal and the loan. To maximize their profit, these AMCs contact multiple appraisers to find the one willing to accept the appraisal assignment for the lowest fee (regardless of experience, knowledge of the area, or quality of their work). This policy has led to a large overall decrease in appraisal quality. If continued, this policy will lead to a second mortgage crisis. Instead of training the next generation of appraisers, experienced veteran appraisers are leaving the profession because they are unwilling to work for half the money. Implementation of a customary and reasonable fee system similar to the VA fee schedule will preserve the appraisal profession, save homeowners money and force the AMCs fee to be paid by the bank instead of the homeowner. The AMCs provide a service to the bank, not the homeowner. Why should the homeowner be forced to pay for a service they don't need? Why should the bank get the service provided by the AMC at no cost?