

From: John Q Public  
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Comments:

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Paragraphs with a page number preceding it were taken directly from Dodd Frank Meetings Docket dated October 28, 2010 Docket No. R-1394 AMC's primary role is to serve as a buffer between the appraiser and the lender/client. If the AMC chooses to perform a REVIEW function FOR THE BANK then the bank must compensate the AMC for that work. AMC's are currently selling MORE THAN the order transmittal and delivery function. REVIEWING the reports is the responsibility of the bank. If the bank chooses to outsource that function, IT MUST PAY FOR THAT. T I L A Section 129E(d), "Prohibition on Conflicts of Interest" (d) Prohibitions on Conflicts of Interest.--No certified or licensed appraiser conducting, and no appraisal management company procuring or facilitating, an appraisal in connection with a consumer credit transaction secured by the principal dwelling of a consumer may have a direct or indirect interest, financial or otherwise, in the property or transaction involving the appraisal. P.4 "Many participants requested that the interim final rule include provisions that allow inhouse appraisers to perform and order appraisals, as long as clearly defined structural separation of appraisal staff from loan production exists. .Some expressed the view that in-house appraisals tended to be of better quality than appraisals performed and ordered by third parties." Over the last several years, we have witnessed how the "TBTF" Too big to fail banks have become TOO BLOATED TO FUNCTION. How can anyone possibly attest to the fact that "in house firewalls and safeguards" can protect against ANYTHING in the banking system? With a virtual collapse of our financial systems, due mainly in part to TBTF banks, the statements above were clearly made by "BANKERS" who have been given a directive to now push for the ability for banks to have their own appraisal departments. (CONFLICT OF INTEREST) If banks are allowed to utilize in house appraisers just like World Savings did (gee.what ever happened to World savings?), there will continue to be pressure from the origination department/senior management/bonus hungry

executives..etc. to hit the numbers.PERIOD. This is merely an attempt at bringing as many independent fee appraisers into the rank/file of banking in order to eliminate the need to pay customary and reasonable fees. T I L A Section 129E(i), "Customary and Reasonable Fee" (i) Customary and Reasonable Fee.- (1) In general.-- Lenders and their agents shall compensate fee appraisers at a rate that is customary and reasonable for appraisal services performed in the market area of the property being appraised. Evidence for such fees may be established by objective third-party information, such as government agency fee schedules, academic studies, and independent private sector surveys. Fee studies shall exclude assignments ordered by known appraisal management companies. My fees have declined by 60% since the AMC's implemented their "Cram down" approach. AMC's specially mention on every order, "Appraiser is NOT TO DISCLOSE fees paid to perform this appraisal". Of course not, if the public found out that the bank and their owned AMC were skimming fees of the top, they would be outraged. P.4 On the other hand, A M C and some creditor representatives expressed a preference for the FHA approach to its requirement that fee appraisers be paid "customary and reasonable" fees, which is oriented toward letting the market decide. They stated that A M C'S have not raised their fees post-H V C C because they are still competing with other AMC's for creditors business and that consumer costs have not been materially impacted. Another lie above by the interest groups. According to a study done by Appraisal Scoop titled "New Appraisal System (HVCC) Impacts consumers": The costs are actually increased since the appraisal management companies charge extra for their role. Typically, an appraiser charges approximately \$325, but when consigned by the management company they only receive about \$200. The customer is charged \$400..the consumer absorbs the cost and the management company still pockets the extra charge. See link below [http://appraisalnewsonline.typepad.com/appraisal\\_news\\_for\\_real\\_e/2009/06/new-appraisal-system-impacts-consumer.html](http://appraisalnewsonline.typepad.com/appraisal_news_for_real_e/2009/06/new-appraisal-system-impacts-consumer.html) P.6 They also argued that existing fee studies do not account for the different risk management levels and associated scope of work variations in the appraisal for different transactions. This is EXACTLY what the appraisal industry has been screaming about for quite some time now. Regardless of the scope of work required, the AMC's are only willing to pay a BARE MINIMUM to the person that promises to get the report done as quickly as possible. Complex issues, lack of sales, additional forms, etc.etc. are all NON ISSUES to the AMC as they seek only the LOWEST COST FASTEST PROVIDER to maximize their bottom line. PAGE 7. In addition AMC and creditor representatives stated the view that the result of requiring that fee appraisers be paid "customary and reasonable" rates would likely be that consumers would have to pay more for appraisals, because A M C's would still need to charge for the appraisal management service they provide, in addition to the charge for the appraisal itself. Several interesting admissions by the special interest groups in this statement taken from page 7. 1) They CLEARLY ADMIT that the industry and AMC's ARE NOT CURRENTLY paying customary and reasonable fees (first sentence). 2) Pull any number of HUD-1 closing statements, review the "Appraisal Fee" clearly reported on the statement, and then require the AMC to disclose how much the appraiser got paid and you will see a DRAMATIC INCREASE in cost that has already been passed on to the borrower. 3) AMC's would need to charge for the appraisal management service they provide. I AGREE 10000%. However, the cost of this service SHOULD NOT BE BORNE by the consumer OR the appraiser, but by the Bank. Many banks have OUTSOURCED their appraisal review to AMC's. What initially started as a order facilitation system, has now grown into a full blown review function. Please ask the AMC's exactly WHAT services they are performing. Is it necessary to take \$250 of the \$450 appraisal fee to

simply order the report from the appraiser or is the AMC performing a review function as well? THE ANSWER IS THIS: Each AMC is competing like vultures for the banks business. They are selling themselves as FULL SERVICE companies that will not only order the report BUT WILL REVIEW IT and alleviate the bank from that responsibility. If that is what the bank is looking for, it is the BANKS responsibility to contract with, and compensate the AMC for that additional work. These costs should NOT COME OUT OF THE APPRAISERS FEE. I have one final closing comment. AMC's have been cramming fees down to the lowest bidder, lowest quality provider with the fastest turn time. The C• fee is meant to remedy this and force AMC's to renegotiate bulk contracts with their clients. Since there are no laws that prohibit banks from owning AMC's, they are merely negotiating with themselves. This has materially impacted appraisers and the C• requirement is meant to allow us to earn a fair wage..not what the AMC determines is reasonable..if left up to them, they would pay zero.