

From: Troyer & Company, Richard Troyer  
Subject: Regulation Z -- Truth in Lending

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Comments:

Dear Federal Reserve:

The development of fees for independent fee appraisers needs to be based upon 'reasonable' fees. The Dodd-Frank bill lists 2 presumptions that Lenders and/or AMC's must comply with to meet the customary & reasonable requirement. The words 'customary & reasonable' are opposites. Customary represents what AMC's are currently paying as lowball fees which are not reasonable. The fee's that many AMC's are paying are about 55% of the full reasonable fee that an appraiser should be paid. I have contracted or obtained appraisal orders from many AMC's over the previous 5 years and have not found one of them to pay reasonable fees.

I quit the appraisal profession in 2007 because I could not pay my bills from the low fees paid by AMC's. I began appraisal work again in January, 2009, again having to deal with AMC's. Currently, I have one bank client who pays a reasonable fee for appraisal work much as they were in 2003 and 2004, and if it were not for this bank, I could not continue in the appraisal profession because I could not pay all my bills (i.e. MLS services, data base fees, E&O insurance, vehicle expenses, office expenses, etc) and remain in business.

I produce thorough appraisal reports that the law requires. For legal liability reasons, an appraiser cannot afford to cut corners on the quality of the appraisal service; otherwise, cutting corners will eventually get you into trouble and/or lose your appraisal license and be out of business (i.e. what goes around comes around).

Through this recession and real estate bust, the number of Georgialicensed active appraisers have decreased 30%. The recession and many foreclosure properties now impact the completion of an appraisal such that I find myself taking 50% to 100% more time to complete an appraisal that complies with law and FNMA requirements; and I am not paid any more than back in 2003 when it took less time to complete an appraisal.

The Federal government must not allow Lenders and AMC's to dictate what are 'customary' fees, that in reality, are the current low-ball fees they are paying appraisers. There exist independent appraisal industry surveys that appraisers have completed that you need to read and absorb that contain expected reasonable fees. The Federal government needs to listen to the voices of appraisers since we are the ones legally on the hook for the quality, accuracy, and fair market value of real estate, and appraisers (not the AMC's) are whom the state licensing boards prosecute for faulty and/or fraudulent work. Appraisers are not wealthy Americans; we only want a 'reasonable' fee for our services. Lenders need to be paying the AMC's separate fees for their services apart from the appraisers fee and then paying appraisers reasonable fees. Lenders do not want to do this because it will probably cost them more for appraisal services. However, the Borrower ultimately suffers because the Lenders pass on the appraisal costs to Borrowers in the closing costs.

If the current appraisal fees structure is not changed by application of the Dodd-Frank bill to allow appraisers to be paid higher fees (more reasonable fees) than the lowball fees currently paid by AMC's, then many appraisers could be leaving the profession, myself included, because of difficulty in paying my bills both for my business and my personal bills. If more appraisers leave the profession, then the consumers, Lenders, and this nation will greatly suffer from the lack of appraisers to complete appraisals as the primary eyes & ears for Lenders. AVM's and BPO's are not the answer to producing quality appraisals, since they are statistical and data based, computer generated projections based upon historical appraisal work and industry data. AVM's and BPO's are not the experts on the streets in the neighborhoods who have the local market knowledge that an appraiser has that is necessary in producing a fair market value appraisal, as required by state laws and federal regulations.

USPAP and FIRREA were established to promote trust in the appraisal profession by the general public and the government. Unless the payment of 'reasonable' fees are brought into being by the Federal government and/or state governments, then low quality appraisals can be expected. Since the HVCC has been instituted, I have read and studied numerous appraisal industry surveys in which appraisers all over the U.S. have acknowledged that due to the low fees paid by AMC's and/or Lenders, that they are cutting corners and the quality of their reports in order to financially survive from the low income paid them. Additionally, these surveys indicate that some AMC's and/or Lenders are continuing to pressure appraisers for unrealistically short turn-around times on appraisals that affect the quality and reliability of the appraisals. Some appraisers are indicating that they are continuing to be pressured by some AMC's and/or Lenders to reach appraised value conclusions satisfactory to the client. This is unlawful.

We as appraisers need oversight from the Federal Reserve and/or other Federal agencies who oversee the lending industry, such that Lenders do not interfere and fail to allow appraisers to work independently, impartially, and to be adequately compensated for our services. To obtain appraiser licensure requires many years of experience, many hours and much expense in education, and the yearly costs and time of continuing education to maintain licensure.

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