

From: Mark Hastert
Subject: Regulation Z -- Truth in Lending

Comments:

I am writing in regard to the real estate appraisal provisions in the Dodd-Frank financial reform bill. The bill contains provisions vital to maintaining the independence of appraisers and therefore, improve the quality and reliability of the most important document used in collateral assessment, providing for a firewall between the appraiser and those parties with an interest in the transaction.

The section of the law that requires that the appraiser be paid reasonable and customary fees verified through an independent third party will insure that the appraiser will have the resources to perform a complete and thorough analysis. The law goes on to provide examples of such sources e.g. VA fee schedules or research from academic sources and stipulates that the fee data not include the steeply discounted fees negotiated by appraisal management companies (AMC's) in which as much as 50% of the fee is retained by the AMC. AMCs pressure appraisers for accept substandard fees and to meet ever faster turnover times, most expect the appraiser to work seven day per week and holidays to meet their due dates. The pressure on the appraiser to rush the analysis can result in the appraiser taking shortcuts and producing an incomplete or inaccurate result.

I have worked for a mix of regular clients and AMCs for more than twenty-five years. My lender-clients are interested in accurate collateral risk assessment. Some AMCs are professional and good to work with. However, too many of the AMCs have a philosophy of "better-faster-cheaper" in which faster and cheaper = better.

In formulating the final rules please considered both the intent and the letter of the law and arrive at a regulation that is fair to the appraiser, to the lender, and to borrowers.

Sincerely,

Mark Hastert