

Federal Reserve

Re: Docket #R-1394

To Whom It May Concern,

Once again our representatives show us how they can spend money and time to come up with a Bill that is just as confusing as the problem it was set out to fix, with no “specific” language to guide the people involved in defining what is “customary” and/or reasonable fees that should be paid to Appraisers. The language set out in the Frank-Dodd Bill has done nothing to clarify “anything” relating to fees that Appraisers should receive for their work and the only thing the language has done is help the AMC’s support the argument that the fees that are currently being paid to appraiser’s, are customary fees, which has continued to add to the problems that all Appraiser’s are facing.

Since the invocation of the HVCC and the “mandatory” use of AMC’s, Appraiser’s have been “dropping like flies”, because we can no longer make a living, based on the amount of work we are being asked to perform and the pay we are being offered to perform said work. I know that the Frank-Dodd Bill was “supposed” to address this issue, but the ambiguous language that has been composed, has done nothing but add to additional confusion and debate. We as Appraiser’s were excited and hopeful that someone had finally heard our cries and with great anticipation, waited eagerly for the day that the Frank-Dodd Bill would come to our rescue, only to find out that we are no better off than we were before, because the language is not specific and is obvious under many different forms of interpretation, which I assume will not lead to any good in the appraisal industry.

Once again, Appraiser’s are bearing the blunt and “liability” of the mortgage industry woe’s by being forced to split our fees with AMC’s and are being asked to perform and produce more work, in a shorter time period that is necessary to produce a greater quality report and that should be a “huge” concern in the industry. Myself, I believe that the basic foundation of AMC’s are good and that a separation of Lenders and appraisers was a necessary implementation, but the power of the AMC has created other issues that are causing the Appraisal industry to spiral downward, which I believe will end up causing greater issues within the loan process in the future.

Why should Appraiser's be the one to bear the weight of AMC's by having our fees split? We did not ask for the AMC's and we should not be the ones to pay for them. Why are the fees not coming from the Lender's who stand to make the most off a the loan process than any other faction of the industry, or the home owner, who if not can afford an additional \$200 on their closing cost, probably should not be getting the loan to begin with. Appraiser's are the only faction of the Real Estate Industry that have had their fees split and most all other factions of the industry make almost twice the amount as an Appraiser or much, much more. From surveyors to home inspectors to Real Estate Agents, closing agents and finally the mortgage/loan officers, Appraiser's are perceived to be on the bottom of the food chain, pertaining to fees and importance in the loan process. The appraisal process is the backbone of the whole loan process, yet it is being treated as an insignificant waste of time that only holds up the loan. We are being asked to perform more work, some of it outside the scope of the appraisal engagement, for less money and the work is being "shopped" to those who are desperate enough to take the request at a fee that is an insult to all appraisers, within a delivery time frame that is not sufficient enough to verify all data properly, which can produce a product that is lower in standards than should be accepted by the mortgage industry. I personally have gone from 8 page reports to reports that are as long as 41 pages and from "Summary" appraisals, which is what residential appraisers typically perform, to 41 page "Narrative type" appraisals, which appraiser s are now being indirectly asked to perform, for fees that are less than most forms of appraisals that we performed prior to the HVCC.

I personally would ask that the language concerning what is "reasonable" and/or "customary", be more defined to specific value ranges of what the appraisal fees were in various areas, "before the mandatory use of AMC's", based on the fees that were being paid by Lender's, Mortgage Brokers and other Governmental agencies and not by what AMC's were offering. If we are going to be asked to perform additional work, than what is or has been customary and be exposed to greater liability than before, all we ask is that we be paid for our "professional" services, in an amount and manner that is befitting the Appraisal Industry.

Regards,

George Changos
The Appraisal Group

