

From: Urban Information Services , Hale Whipkey
Subject: Regulation Z -- Truth in Lending

Comments:

To Whom it may concern,

Regarding fees paid to appraisers by lenders and their AMC's, please accept my comments as someone who has contended with the market irregularities and lack of integrity for more than 30 years. The first observation that must be made is the current unrest in the market relates primarily to residential appraisals, not the commercial work. While some AMC's have been contracted by lenders in Ohio to administer commercial appraisals, as well as residential, there have not been to my knowledge situations where AMC's have dictated fees like they have with residential fees.

A second point is the problem is much broader than just fees paid. Other factors constantly affecting the quality and integrity of appraisals are: 1) high level of incompetence among AMC personnel - it constantly amazes me how many of the people working at AMC's know very little or nothing at all about appraising and the appraisal process; 2) absurdly short time lines for processing and completing an appraisal, regardless of the nature of the assignment, and literal harassment by AMC personnel trying to enforce the time line - not enforcing the quality of work; 3) lack of understanding or refusal to acknowledge the actual appraisal underwriting guidelines, ultimately refusing to accept the appraiser's analysis based on the market a property is in rather than following a set of arbitrary (not mandatory) guidelines someone has given them; and 4) continuing intimidation to provide a given value estimate - now by the AMC's. We have continued to experience this directly in our office.

As this overall discussion relates to appraisal fees, I will give you two examples of the conduct by AMC's which represent price fixing. A primary lender account of my company contracted an AMC to administer all of its appraisal business. I was informed of this via an e-mail letter from the AMC. In this letter it stated what the AMC would pay for residential appraisals - flat fee, no qualifications or contingencies. In spite of this, I attempted to work with this company, giving them fee quotes that varied based on where the properties were and the perceived complexities of the assignments. In almost 2 years, my company did not get one of the assignments bid when our fee was higher than the original fee set by the AMC. A second instance is even more perplexing to me. Another AMC handling residential appraisals for a long time lender account of an associate of mine sent an e-mail showing a graduated fee schedule based on the value of a property. John Blommel, my associate, sent them a response stating that their predetermined fee schedule was a violation of USPAP and he could not work for them on that basis. True to his word, John has never heard from the AMC and has lost his biggest lender appraisal account, as a consequence.

In closing, I want to stress that generally the problem with appraisals is not caused by appraisers, although too often we have become accomplices to a corrupt process. The entire issue can be boiled down to this - money (greed) and control (power). If you are going to have success at

creating an administrative process with integrity, focus your discussions on appraisers and remove all lenders, AMC's, and title companies from the discourse. We have a problem where the fox is in the hen house and, from what I can learn, you have been talking to the fox about how to fix a problem he is primarily responsible for creating. Really! What an illogical way to address one of this country's major financial problems. Be assured that no loan officer, executive officer or CEO of a bank with compensation tied all or in part to performance (sales) wants any regulator, including appraisers getting in their way. This is so obvious that I am highly troubled I feel the need to have to state it in this letter.

In October, 2010 I turned 60. I entered the real estate business in 1976 as a sales agent. I have worked as an appraiser for the government, for other fee appraisers and with my own business since 1977. I have been a licensed real estate broker in the state of Ohio since 1987, am a certified general appraiser in Ohio with the MAI designation, have brokered, managed and owned real estate for more than 30 years, and have been involved in new developments and old property restoration projects dating back to 1978. Consequently, I believe my experiences qualify me as well as anyone to speak to the issues of integrity in appraisal administration. I do not expect anyone to want to have further contact with me. However, my contact information is provided below.

Sincerely,
Hale Whipkey
Urban Information Services