

From: Paula Strahan
Subject: Regulation Z -- Truth in Lending

Comments:

In regards to the proposed regulation of fees:

1. AMC fees are NOT customary and reasonable. For example, AMC fees routinely are some 50-60% less than customary and reasonable, whereas the AMC charges the borrower some 50% over what the customary fee for an appraisal would be. As an example, the base fee for our office for a typical residence would be \$325. AMCs routinely offer \$160-\$180 for the same appraisal, while charging the borrower \$450.
2. As the AMC has a vested interest (taking 2/3 of the fee it charges for its overhead and profit), any AMC-generated fee schedule should be discounted by the regulatory agency. Fee schedules should be based on 3rd party surveys of appraisers and VA, with no connection to the AMCs.
3. All the "may" clauses should be replaced with "shall". Further, the wording should be, the AMC WILL select the appraiser on the basis of quality of appraisal and with consideration of the market in which the appraiser works. The AMC CANNOT choose an appraiser on the basis of fee and cannot reject a fee that is reasonable for the market. The AMC WILL show two fees, one being the appraisal fee, and one being the management fee, so that the borrower will have a clear understanding of the fee charges.
4. Lenders cannot own and operate an AMC. PERIOD. Lenders are using AMCs to unfairly generate additional income on the backs of borrowers and appraisers.

Sincerely,

Paula Strahan