

From: Devlin Appraisal Service, Terry Devlin
Subject: Regulation Z -- Truth in Lending

Comments:

From: Terry Devlin
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Date: 04/16/2011 05:52 PM
Subject: The Federal Reserve Board Needs to Clarify Presumption 1 of TILA

The Federal Reserve Board needs to immediately clarify what their Presumption 1 of TILA really means.

This is what the Dodd-Frank law as passed by Congress and signed by the president has to say on appraisal fees:

(i) CUSTOMARY AND REASONABLE FEE.-
(1) IN GENERAL.-Lenders and their agents shall compensate fee appraisers at a rate that is customary and reasonable for appraisal services performed in the market area of the property being appraised. Evidence for such fees may be established by objective third-party information, such as government agency fee schedules, academic studies, and independent private sector surveys. Fee studies shall exclude assignments ordered by known appraisal management companies.

Yet lenders are still paying appraisal fees well below market, often charging borrowers \$450 to \$500 for a home appraisal, then paying the appraiser \$200 to \$300.

This is illegal in my opinion.

As a result, the quality of appraisals is often poor. I have been a residential appraiser since 1987, and the quality of appraisals I review is the worst I have even seen. Lenders are often giving their appraisal assignments to the lowest bidder, without regard to experience or geographic competency.

I sometimes work for two different lenders who use an independent appraisal ordering platform. Their own fee study shows a median appraisal fee of \$400 to \$450 to be reasonable and customary, yet they are still offering to pay only \$280 to \$300.

Why can't the Federal Reserve Board simply clarify Presumption 1 to what Congress and the President intended when the law was signed?

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