



April 12, 2011

Jennifer Johnson
Secretary
Board of Governors
Federal Reserve System
RE: Final Rules for Appraisal Independence

Dear Ms. Johnson:

I am writing to ask the Board to reconsider the rules for customary and reasonable fees for appraisers in the Dodd-Frank legislation. Apparently during the process of adopting a fee schedule, the methodology for calculating and applying the fees was changed to benefit the Appraisal Management Companies. When originally written, fees were to be based on outside and independent surveys which strictly prohibited the management companies using their own fees to determine what is customary and reasonable. After the implementation of the HVCC the appraisal management companies established fees which were generally far lower than appraisers had been previously charging. The majority of appraisers who rely on lender work to make their living were forced to accept the lower fees. Many appraisers who have been in the business for a long time refused to work for these companies. One result has been that a large percentage of appraisers now working for the management companies are less experienced and qualified than others who could be doing this work. Now the Appraisal Management Companies are allowed to use their own low fees to set a standard for what is customary and reasonable. One consequence of this is to overcharge the consumer. A borrower is usually charged more than what an appraiser would independently charge for an appraisal. The management company overcharges the borrower and pays less than market fees to the appraiser. The quality of appraisals has since suffered which has been harmful to both borrowers and realtors. This is a clear conflict of interest due to the fact that the large appraisal management companies are often wholly or partially owned subsidiaries of the major lenders. Not only have many appraisers had their businesses decimated but have had the extra burden of being taxed to provide a bailout to these lenders who seem intent on repeating similar mistakes. I urge you to reconsider the rules for customary and reasonable fees the appraisal management companies are allowed to pay appraisers. Thank you for your time.

Regards,



Marc Spilka