

From: Neal Jacobs
Subject: Regulation Z -- Truth in Lending

Comments:

Dear Sir/Madam

I am a certified general real estate appraiser located in San Diego, CA and have had my own

practice for over 25 years.

Since the HVCC was enforced I have had my entire business, that I nurtured, taken away from me

through no fault of my own, by no misconduct on my part and no allegation or conviction of wrongdoing.

Just taken away!

I have become beholden to AMC's for my business. There is no professional relationship whatsoever.

They dictate the fee I will be paid, when I will deliver a report by and some even set appointments with

no mutual conversation as to what my schedule may be.

Don't like the terms of the assignment? Take it or leave it. No problem, we'll find someone

with no experience who will accept anything to do it.

Now, to the issue of appraisal fees.

The fees that I am REQUIRED to accept (remember, I don't have a choice as to where I get my

business from anymore) are typically about the same as I got 20 years ago. Also remember,

if I don't like the fee offered then the order is yanked and reassigned.

Let's go a step further. As bad as it is to be paid a 1980's fee in 2010, the reporting requirements today

are such that it takes about TWICE as long to do a report as it did then and my office overhead is far greater.

Here we are. In the midst of one of the biggest financial crises in our country's history underpinned by a

devolving real estate market and the PROFESSIONALS engaged to assign value to real estate are being paid

the equivalent of \$30-\$40 dollars per hour!

We as a profession are being shorted a couple of hundred dollars but expected to stand by value conclusions

of HUNDREDS OF THOUSANDS and sometimes MILLIONS of dollars.

This may seem unlikely but it gets worse.

The very businesses that are short changing the appraisers, the AMC's, are charging the borrowers what should

go to the appraiser (and more) and pocketing the difference.

The lenders who are getting the benefit of the AMC's service are not paying. It's the appraisers.

There's more. Many AMC's are owned by some of the biggest lenders in the country. So, the excuse given to

implement the HVCC in the first place, appraiser independence, is undermined by these very companies who

for the most part are responsible for the mortgage meltdown. It has simply become a cash cow to these lenders

to have their own AMC's at the appraisers expense.

I have to rely on orders from numerous AMC's and their many different clients. It is not uncommon to get an

order with its own set of requirements for that particular lender/AMC which increases the work burden and the

likelihood of errors leading to funding delays, etc.

Back to fees. The legislature recognized, with the passage of the Dodd/Frank Act, that appraisers were being short changed

and the act includes the "usual and customary" fee language. It is obvious to anyone in this business (with some intellectual honesty); appraisers, lenders, etc.

just what the legislature's intent is (appraisers to be paid their fair due) but the powerful lender lobby is dancing around this with extraordinary

semantic agility to say "No" that's not what it means.

There are many fee surveys and posted fee schedules (NOT AMC's!!) that CLEARLY support appraisers' contentions of what usual and

customary is in their particular areas.

I get orders from AMC's for lenders that I previously dealt with directly. I am being paid approximately 45% less to do far more work per report

today than when I had a direct professional relationship with them. Does anyone want to know what "usual and customary" is? I can show you

my billing to these lenders today versus yesterday. Same client, more work per report, 45% less fee. Does this make sense to anyone?

It would seem that as far as the lender is concerned regarding the appraisal, get it cheap and get it fast. As long as the appraisal check box can be marked

on the loan "to do" list that is all that matters. Appraiser competency? Appraiser experience? Geographic competency? Maybe. Price, turn time? YES!

Here is a direct quote from the Board Of Governors of the Federal Reserve System online newsletter:

" Requires the payment of reasonable and customary compensation to appraisers who are not employees of the creditors or of the appraisal management companies hired by the creditors."

How refreshing it would be in this day and age if someone had the courage to stand up and be honest about the appraiser fee issue and get

us back to loving our profession, valuing our input and respecting our contribution to this vital sector of our economy.

I look forward to hearing from you (with good news!).

Sincerely,

Neal Jacobs