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Comments:

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I am a 22-year experienced California residential real estate appraiser. I am writing to urge you to immediately implement and heavily enforce the "customary and reasonable fees" portion of the new financial reform legislation. A couple of years ago our appraisal industry worked fine, as we appraisers worked directly with mortgage brokers and lenders. Now we are forced to work with Appraisal Management Companies (AMCs) and this arrangement has so devastated our industry and hurt customers along the way. Consumers are harmed due to the added fees AMCs bring to the table as well as the "churn" mentality of getting the appraisals done as fast and cheap as possible, often by unqualified appraisers. A vast majority of AMCs treat appraisers like crap, taking part of their fee and employing a "take it or leave it" attitude, whereby any disagreement with an appraiser turns into a "blackball" in which that appraiser mysteriously (or not so mysteriously) receives no more work from that AMC. Most of the time there is no equal partnership or professional relationship. Below are just a few ABSOLUTELY SPECIFIC AND TRUE injustices forced upon appraisers by AMCs, and this list excludes the biggest injustice, taking part of our fee for little to no service for the borrower (and the fee should come from the lender or borrower, not the appraiser!). Keep in mind that appraisers are virtually forced to work for AMCs - yes forced, due to the fact that AMC-ordered appraisals account for the vast majority of appraisal work today (so pls. don't just say "well then, don't work for them") * LandSafe Appraisal Services (Bank of America) punishes appraisers that ask for time extensions on appraisals (difficult or not) and also punishes appraisers that ask for fee increases on difficult assignments (logs are kept) * Provident Funding Associates / LenderVend - They send out all appraisal orders - difficult or not - for one set fee of \$325, which is below our area's standard/reasonable/customary fee. The appraisers are not told the property's address before accepting the job. And appraisers are punished for declining assignments after acceptance. How fair / professional is that? * Appraisal Loft offers very low fees and after a fee is accepted for an assignment, the

rep. at Appraisal Loft continues to bid the job out in search of a cheaper offer, after which the original appraisal accepted is cancelled with no research or other fees paid. Any complaints to Appraisal Loft result in no more order offers. * StreetLinks strictly assigns jobs to the lowest-priced bidder. I have been on their list for years at a lower than typical fee and still I have yet to receive an assignment. One of their reps told me where I ranged on my fee schedule and said that #1 gets first opportunity, and that person's fee was ridiculously low -- most likely somebody new to the business. And quality is not one of their considerations in placing orders. AMC Links - Pays below market fees and insists on the appraiser signing a document that states that the fee offered was the customary market rate. If that isn't signed the job is taken away. * Most AMCs state what they will or will not pay appraisers for orders cancelled before completion. Negotiation? Disagreement? Don't expect any more orders, we'll go to the next guy on our list. Contrast the above and the many many other examples available with such decent small lenders like South Pacific Financial or Broadview Mortgage. An appraisal is ordered, the job is done within a reasonable amount of time and a standard (\$425 in our area) fee is paid. If the appraiser does a good job, he/she receives more orders. If a job is complex, these and other smaller lenders have no problem extending turnaround times and increasing fees. A professional relationship that works perfectly fine -- borrower, lender, appraiser and likely investor / Fannie Mae are all satisfied. What happens with most AMCs I deal with is borderline criminal. And, believe it or not, I am one of the fortunate ones, I have good relationships with a few smaller lenders and a few decent (I didn't say good or great, still below-market fees) AMCs and earn an ok living. But that doesn't overcome the fact that AMCs today rip off appraisers and the consumer - they are for the most part a bunch of self-important greedy jackasses, criminals that add little to no value to the transaction and takers of inappropriate fees. And some of the larger ones are owned by the lenders themselves - more crime! I will close by saying that if the work structure cannot be altered to get around AMCs, at least requiring them to pay "reasonable and customary fees" would help soften the blow that us appraisers have been feeling on a daily basis for well over a year. There are places where most fees can be quoted (the VA schedule or what the AMCs quote lenders now are already in place), so don't accept the argument that fees cannot be estimated. AMCs are a virtual monopoly, especially considering that over 50% of appraisal assignments are controlled by less than ten AMCs. If this situation is allowed to continue I can envision a scenario whereby a principled appraiser (me?) puts his or her full effort into legal action against one or another AMC and/or the federal government itself. We are being controlled by unprofessional AMCs and WE are the professionals. Hello !?!! Please help, we need it and our industry needs it -- it's B R O K E N !!!!