

From: Pat Outlaw  
Subject: Regulation Z -- Truth in Lending

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Comments:

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Chairman Ben S. Bernanke Board of Governors of the Federal Reserve System 20th Street and Constitution Avenue North west Washington, DC 2 0 5 5 1 RE:  
Implementation of Reasonable & Customary Fees for Appraisers Dear Mister Bernanke, I have several concerns over the implementation of this rule, including: - The Appraisal Management Companies(AMC's) use as their primary selection criteria which appraiser will do the appraisal for the lowest fee. This directly leads to the most unqualified and inexperienced appraisers doing most of the work. This is a recipe for disaster and the opposite affect of what was intended. By separating the appraisal fee and the management fee, and implementing a base fee set by the market, this could be corrected. - Appraiser independence is more threatened by AMC's than it was before HVCC and the growth of AMC's. Before, if you upset a client you may lose one client. Now if you do not comply with an AMC's demands, you could lose several clients. Often, these demands are made by non appraiser employees who have little training or knowledge about the appraisal process. I have had several requests for changes that are blatant violations of USPAP. When I stated this as an objection, the AMC employee asked me what USPAP was!!!! When I refused to make the change, I was removed from their list. I lost a former bank client that I had done business with for over five years. I still do business with the bank on direct loans but not on any saleable (Fannie) loans. - Many of the large AMC's are owned by large lenders. This means the very entities that are largely responsible for the current mess are now in control of, and profiting from, the appraisal process. Can you say fox guarding the hen house? - The people who are supposed to be protected by these "safeguards" are the ones who are suffering. Borrowers now pay higher appraisal fees than ever. Tax payers are receiving lower quality appraisals. These issues can be directly addressed by the proposed rules. Separate the appraisal fee and the management fee! Have the lender pay the management company fee (they are the one who is receiving the service and who is required to comply.) The AMC's can compete based on their service to the lender. Establish minimum base fees on standard appraisal

products so appraiser selection is based on qualifications, not lowest fee. The AMC's will protest this can not be done but the VA fee schedule is well established as well as several other independent surveys (Alamode for example.) This is a crucial, historical time in our nation's economy. The failure of a sound housing market was the biggest problem leading to this crisis. Maintaining independent, credible valuations will be a key to overcoming this crisis. I hope you will carefully consider the implementation of this rule and not be swayed by the AMC's propaganda. Sincerely, Pat Outlaw