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While I encourage the idea of appraiser independence and the HVCC, it's implantation through the use of Appraisal Management Companies is generally not resulting in the desired results. Here are list of problems! 1. The use of AMC's has created a "middleman" that in turn has reduced residential appraisal fees to historic lows. In many cases, the fees have declined 40-50%. 2. The AMC's consistent use of only appraiser's willing to work for lower fees has led to the use of the "Least Qualified" appraisers in the industry of which results in "poor quality" appraisals! The goal of the HVCC was to eliminate lender pressure AND increase the quality of the appraisal report, not encourage the use of the least qualified appraisers* 3. AMC's are generally concerned about "Fee" and "Turn-time" rather than quality of work. The reason is simple, they are a profit center and make more money by using the "least" fee appraisers. 4. AMC's do not deserve a cut of the appraisal fee. The idea that they have taken on the responsibility of soliciting business, collecting fees, and managing the appraisal process is absurd. In fact, the AMC's have created more management issues for the appraisers. The appraisers must now take time to solicit business from AMC's, collect fees, manage and understand each AMC's web pages and for some reason let them now when the property was inspected, when did you make the inspection, etc. The appraiser spends on average at least one hour more on each appraisal due to added management issue. The HVCC was created to eliminate lender pressure on the appraiser. This was certainly needed and most appraisers welcomed the idea. However, the plan implemented was done with little thought and oversight. The AMC's are set up as a business. The goal of all business owners is to make money! As such, the AMC's are set up to collect fees from the lender and from said fees they will pay an appraiser. It does not take a MBA to realize that as an AMC, if I collect a fee of \$ 425 and have a pool of appraisers that work for \$ 225 and a pool that works for \$ 375 (in which has been a standard fee for 5-8 years) that I make \$ 200 rather than \$ 50 per appraisal. Wow, tough

choice. Do most AMC's really care about quality - probably not! If so, they would be using the most qualified appraisers - they are not! In order for the HVCC to work properly, the AMC should be paid a flat fee of \$ xx.xx by the lender and the appraisal fee should be dictated by the Appraisers and be what is "Reasonable and Customary" in the area - fees not influenced by AMC's. This would eliminate the AMC's propensity to use the lowest fee appraiser they can find - of which is typically the least qualified and experienced appraiser in the market. In fact, it would encourage the most qualified appraiser as most likely there will be fewer appraisal issues, less appraisal corrections, and more accurate value opinions. AMC's seem to think that

you could not pass along the additional cost to the consumer? Let's be realistic, a fee of \$ 100 to a management company is not going to break down the residential real estate market. I am afraid that we have not eliminated lender pressure it has simply been shifted over to the AMC; in which in many cases the lenders and MORTGAGE BROKERS are dictating to the AMC's which appraisers they want to their appraisals. By allowing AMC's to work off a "profit margin" rather than flat fee, they in-turn pick and chose which appraisers will do the work based on fee rather than quality of report and education. Pat Carey, SRA