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Comments:

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The first sentence in the USPAP Preamble states the following: "The purpose of the Uniform Standards of Professional Appraisal Practice (USPAP) is to promote and maintain a high level of public trust in appraisal practice by establishing requirements for appraisers." Prior to entering the residential appraisal profession in the late 90's, I had worked primarily in residential mortgage lending for the prior 20 plus years. The majority of funding lenders I worked with opted to employ staff appraisers or chose to maintain an approved appraiser vendor panel. The Appraisal Management Corporation (AMC) industry was not a major factor in the residential mortgage lending process at the time. Appraisal fees were collected and paid to appraisers via salaries or on a stated fee basis. There was no fee stripping to cover lender costs associated with the lending function. Over the last decade AMCs have increased in number and have captured a significant market share in part to bundled service agreements with national title insurance groups, direct ownership by financial institutions or joint ventures between national lenders and national title insurance groups. The typical AMC business model I have observed over the last several years has treated the residential appraisal profession's product as a production industry that stamps out "widgets". Fast and cheap would typically be the determining factor on where appraisal assignments were placed. The quality of the appraisal report wasn't typically a requirement when placing appraisal orders. The financial industries approach reflects the belief that any licensed/certified appraiser can be replaced by another. Eliminating the lender's production staff from the appraiser selection process is a start. Unfortunately, the actions of Washington Mutual and eAppraiseIT indicates the use of AMCs does not eliminate lender value pressure. As a small business owner, I have made a business decision to refuse to accept any AMC appraisal assignment that does not pay an adequate fee to be profitable. I have not accepted any AMC assignments since mid-2006 due to unacceptable fees combined with other actions associated with AMCs such as unsupported requests

for reconsideration of value, stipulation requests that had already been addressed, etc. The fees paid to appraisal vendors should reflect the actual fee paid similar to a third party credit report fee. The fee paid to staff appraisers is not to be treated as the same due to the costs associated with an employee (taxes, benefits, software, equipment and supplies paid by the employer). Finally, no portion of an appraisal fee should be associated with an internal appraisal review. The review of any appraisal by qualified lending staff for lending purposes is the cost of doing business. Ultimately, the lender has the option to hire staff appraisers, maintain an approved appraisal vendor panel or utilize AMCs to place appraisal assignments. That is their business decision--each option has its costs. The lender should be held accountable for the quality of appraisals they utilize for lending decisions. Filing complaints against unacceptable appraisal reports should be mandated. Pay the appraisal vendor an adequate fee that will allow them to make a profit and the lender will have better qualified appraisers willing to bid for appraisal assignments. Better qualified appraisers completing assignments would lead to a higher level of public trust in the residential mortgage lending process.