

From: Van Leer Appraisals, H. Eric Van Leer
Subject: Regulation Z -- Truth in Lending

Comments:

Date: Jan 19, 2011

Proposal: Regulation Z - Truth In Lending Act
Document ID: R-1394
Document Version: 1
Release Date: 10/18/2010
Name: H ERIC VAN LEER
Affiliation: VAN LEER APPRAISALS
Category of Affiliation: Other
Address:
City:
State:
Country: UNITED STATES
Zip:
PostalCode:

Comments:

I urge you to stand your ground and enforce the spirit of the "customary and reasonable appraisal fees". As an appraiser of 21 years and a dean's list/academic honors graduate from the U of Maryland's school of business, I know what I'm talking about when I say that cut-rate AMC's have been an incredibly enormous problem for the mortgage lending and appraisal industries (they are an example of all that is wrong with our country). This isn't rocket science here. It should be very clear to anybody with a pulse that if an AMC only gives work to those appraisers willing to work on the cheap for say \$225 for a single family appraisal (or worse yet, willing to cut corners and do fast and sloppy work in order to increase their income per hour a bit and still starve), then this clearly results in less accurate appraisals and often appraisals that are inaccurate or dangerous in ways that go beyond accuracy due to sloppy work, lack of transparency or other severe errors and omissions.

Just

today I received a call from a big AMC (LSI) and they asked how fast I could do a single family appraisal for them in my county. I told them I could get out to the property tomorrow and said, "but, by the way, what fee were you showing for this FHA order?" The reply was \$255. I told her that I normally get paid \$375 to \$400 for an FHA appraisal in my market area and asked her if the client required any extra work (since they have been lately adding insult to injury by tacking on more and more requirements with the net result that the typical AMC order takes about 6 hours to complete accurately and correctly. She replied that "yes, this client does require that extra (20 minutes worth of) work be done to include scanned or cut and pasted copies of all comparable sales MLS sheets within the electronic final report. I said I could get the job done within 2 to 3 business days but that I could only cut my normal fee down to \$299 and that \$255 was way too low, especially considering that the industry now requires the extra 1004 market conditions addendum, the client requires copies of all MLS sheets for all comparables in the report

(this is not usually included in a normal fee) and, to add insult to injury, the industry is now requiring a minimum of five comparables (3 closed and 2 active/pending listings). This all translates into a 2011 single family residential appraisal report requiring 5.5 to 6 hours of my time vs only 2.5 to 3 hours of my time 4 or 5 years ago. In a time period in which cost of living went up 45% since 1990, my net income per hour has actually gone down for a cost of living adjusted loss in annual income of about 50% compared to my earning potential back in 2000. In 2000, I could work a 50 hour week and earn a net income of around \$100,000 while in 2010 I have to work about 60 hours a week just to net \$75,000 per year net income at a net income per hour of around \$25 per hour and a gross before expenses income per hour of around \$35. In the mean time, my mechanic and my electrician and plumber and my heating guy all charge me between \$60 and \$80 per hour and I'm sure that they all net far more per hour than I do with my degree from a top business school and my extraordinary ability to consistently appraise properties within 1 to 3% of what they are worth or will sell for. I can prove this level of skill via my track record with employee relocation company orders since I get a "report card" if you will when the property sells and I get to compare it to my "anticipated sale price" value to see how close to the mark I came. I am consistently the "best of the best" appraisers in my market yet I am struggling to make ends meet, have to burn fire wood just to keep my house warm, I drive a 10 year old car and my wife drives at 7 year old car. I will stop that tangental rant but please read hear my cry!!!, AMCs are at the core of all that is wrong and evil in the appraisal valuation industry today. True, the dishonestly inflated values are much reduced by new regs due to less appraisal pressure to inflate, however, the disturbingly inaccurate appraisals will remain if you keep letting the AMC's price fix and bully appraisers into accepting below market fees. Many AMC's tell me that I am not allowed to lower my fees and that the fees they have in their system can not be raised or lowered - take it or leave it is the response I get. Another management company dictates to me a PRICE FIXED fee schedule that all appraisers must accept and this is a below market fee structure. All I ask is that you in the government level the playing field and allow college educated appraisers with experience to earn a reasonable professional appraisal fee. The status quo is just a lot of price fixing and bullying on the part of the big AMC's that can artificially control the appraisal fees they pay by virtue of their oligopoly status in my market place. 90% of the appraisal orders are presently coming from these low bal price fixing AMCs. Additionally, it is down right disgusting that the American home loan borrowers are asked to pay out appraisal fees in the \$425 to \$575 range for standard appraisal orders when the highly skilled appraiser that would love to get those fees is only paid \$230. The AMC's are largely manned by a revolving door of flunkies that sit in cubicles and call up or email appraisers to ask them the status of the order that they emailed or faxed over to them and they perhaps spend \$3 of man-hours on managing that appraisal order yet they take 45 to 50% of the appraisal fee collected from the hard working American borrower while the hard working appraiser starves and the corner cutting bottom dwelling inexperienced young or quick and dirty type appraisers end up eeking out a modest living at the detriment to our financial and real estate industries!!! PLEASE BE TOUGH AND GIVE SOME TEETH TO THE SPIRIT OF THE "CUSTOMARY AND REASONABLE APPRAISAL FEES" REGS!!!!!! DON'T CAVE IN TO LOBBYING BY THE BIG AMC'S AND THEIR BIG BANKING PARTNERS IN CRIME!!!!!! Feel free to call me if you would like to ask me any more questions as I am a seasoned street smart appraiser of 21 years that "should have gone to medical school"!!!!!!!!!!!!!! If you are still reading this then that would be a shocker to me but thanks if you heard me out and really

LISTENED to my message!! Sincerely, H. Eric Van Leer Van Leer Appraisals