

From: Stefan Olafson
Subject: Regulation Z -- Truth in Lending

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Subject: Fair and Equitable, Customary and Reasonable Fees

Lorna,

I began appraising in 1979 well before licensing became the norm for the industry. When the discussions on licensing first began I felt licensing would enhance the public image of appraisers, encourage standardization in the appraisal process, and stabilize fee income. My first ten years of appraising I specialized in agricultural property appraisal, farmland, improved agricultural facilities and such. From 1989 to 1993 I branched out and did small commercial appraisal as well, continually improving myself with top quality education and learning from those who went before me in the profession. In 1992 the state in which I live passed license law legislation, I applied, submitted all that was required and became a Certified General Appraiser.

From 1992 forward I added the appraisal of residential property. I remember in 1992 my typical charge was around \$275.00 for a standard 1004 form report, completed on a typewriter with carbon paper between the copies. As the industry moved forward we began using computers and more and more technology. It speeded up the process of appraisal but also increased the expense of running an appraisal shop. In the late 1990's and through about 2004 my fees increased slowly to the point where I was typically charging and receiving \$425 to \$475 per appraisal. This fee was paid willingly by most lenders because of my extensive background and education in the appraisal business.

I am now out of the fee appraisal business; from about 2005 to my exit from the business in 2009 I saw fees decrease annually and requests for more and more backup paperwork from the lenders, now more than likely an appraisal management company was involved. One of the many reasons I found other employment was the methodology used by many AMC's, to broadcast orders and accept the quickest and lowest priced appraiser with no requirements for knowledge of the process or the area in which they were appraising. I saw appraisers drive as far as 120 miles one way to appraise property in my community, with no knowledge of the area or the market and do the job for a fraction of what I would have charged.

Now, with Dodd-Frank I thought things may be straightened out, but apparently things are still being done by many appraisal management companies that is just wrong for the industry.

The Fed's interpretation of Dodd - Frank with Presumption 1 is a total disregard to Congressional mandate.

The weakly veiled capitulation to lenders and AMCs is widely apparent to those of us in actual practice. The defense that there are six or seven conditions

that must be met is so far tilted to those who are guilty it is laughable. The actuality that is occurring in the marketplace is that the lenders and their AMC's have large staffs by which to continually bully, coerce, and ultimately blackball an appraiser that is well-versed in Presumption 1. As soon as the AMC is challenged by the appraiser, that assignment is withdrawn and sent to a more compliant and less experienced appraiser. The knowledgeable individual then hears no further from that client.

Make no mistake, there is a monopolistic tone to all of this fostered by TAVMA. Other appraisers I know have in their possession numerous HUD 1 statements that clearly show what consumers have been paying in appraisal fees. In legalistic terms, an appraisal is conducted by the appraiser. Therefore, direct and intentional acts by lenders and AMC's have served to confuse and actually mislead the American consumer regarding loan transaction fees.

Your "interpretation" of a safe harbor for lenders and AMC's has the effect of continuing hidden costs to borrowers. Fees paid by borrowers have not decreased, but the fee paid to the appraisers has most certainly been reduced. The consequences are shameful.

The WaMu/eappraiseit lawsuit continues in New York right now. The basis of the case is manipulation of appraiser's lists. It is my opinion that Presumption 1 allows that to transpire on an even larger scale.

What is the solution? The fees paid by borrowers in the recent past ARE the customary and reasonable fee. Allowing AMC's to survey their payments and use that as customary and reasonable is just wrong.

Stefan "Oly" Olafson