MARK UDALL
COLORADO

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WASHINGTON, DC 20510
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United States Senate

WASHINGTON, DC 20510
April 7, 2011

Linda Robertson
Assistant to the Board for Congressional Liaison
Board of Governors of the Federal Reserve System
Twentieth & Constitution
Washington, D.C. 20551

Dear Ms. Robertson:

Enclosed please find a letter from my Colorado constituents concerned about the recently published Truth in Lending (TILA) regulation governing Loan Originator Compensation, effective April 1, 2011.

Please direct any correspondence concerning this inquiry to my constituents at:

D. Becky McDaniel
3401 Revere Court West
Wellington, CO 80549

Dennis Pinkstaff
17655 Martingale Rd.
Monument, CO 80132-2240

Kathleen Cleary
14420 Summer Glen Grv.
Colorado Springs, CO 80921-2815

Phillip Harris
8343 Outrider Rd.
Littleton, CO 80125

Please also send a copy of your letter to my office at:

Sen. Mark Udall
SH-328
Washington, DC 20510
Attention: Jordan Sugar
202.224.5941
Thank you for your assistance.

Sincerely,

Mark Udall

Mark Udall
U.S. Senator

ACCURATE VALUATION LLC.
D. Becky McDaniel
3401 Revere Court West
Wellington, CO 80549
970-217-9981 phone
970-568-9898 fax
becky@accuratevalue.net
www.accuratevaluationllc.com

February 19, 2011

Dear Senator Udall

I am an independent real estate appraiser serving Larimer and Weld Counties. I am writing concerning the IFR amends Regulation Z (Truth in Lending - Section 129E(i))

I urge you to push the Fed to modify their Interim Final Rule (IFR) for Dodd-Frank (H.R. 4173) concerning Customary and Reasonable Fees for real estate appraisers. It `kills' the provision of the bill introduced to correct the problems caused by FNMA and FMAC with the HVCC in 2009.

The Dodd-Frank's establishment of a 'floor' for fees is the best solution for consumers so appraisers can compete based upon on quality, service, and expertise rather than be forced by a market distorted by FNMA & FMAC.

In what kind of free market would one set of participants (thousands of small independent real estate appraisers) suddenly, willingly and independently all agree to immediately reduce their fees for the same service that 2 years ago was $350-400, to one that was now $175-$225? Why would appraisers reduce their fees 40-50% just because they are now paid by an AMC (Appraisal Management Company) rather than by a local homeowner, lender or broker? Especially when the amount of work required for an AMC order is more (and of questionable value to lenders or consumers)? That fee level is causing many to leave the profession.

This seems to have been the argument from Banks, Lenders, and AMCs in suggesting that the Fed was correct in gutting the provision of the Dodd-Frank (H.R. 4173). "Customary and Reasonable" fee requirement in their Interim Final Rule (IFR) amending Regulation Z (Truth in Lending - Section 129E(i)) . The original requirement had specifically excluded assignments from "known appraisal management companies" in determining what customary and reasonable fees are.

The Fed 'created' another "Presumption of Compliance" that essentially says "just keep paying what you are currently paying". That 2nd, new `Presumption" implies there's no problem in the market - just keep paying what was recently paid in the market, and you're in compliance.

Why was the language originally put into Dodd Frank if there was not a problem that Congress wanted corrected? (I believe it was obviously put in to correct the market distortion caused by the HVCC mandated by FNMA and FMAC in May, 2009).

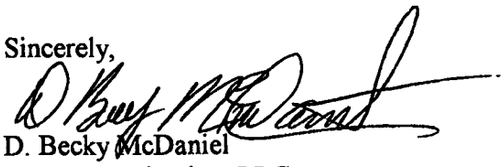
After HVCC in 2009, the `market' was no longer a normal one with lots of suppliers and purchasers competing fairly – rather it was transformed into an oligopoly with a few major national players able to control 70% of the business, and extract exorbitant fee reductions from thousands of small independent real estate appraisers with no other `market' for their services. AMCs were around prior to that, but did not have that kind of control over fees in the market. If the new 2nd method of compliance used AMC fees BEFORE HVCC, that would be fine – but after the HVCC gave the AMCs an oligopoly 18 months ago, the AMCs aggressively cut the fees they offered appraisers, forcing desperate ruinous competition, and forcing many to leave the field.

I doubt anyone could find an appraiser today that would say the 'services' provided by AMCs are worth the 40%-50% cut that AMCs are now taking from what had previously been their fees.

Rather, I believe appraisers would generally agree they want the right they had just a couple years ago to compete freely, with multiple local providers, on a level playing field - not one that was radically changed to favor a few large national (and sometimes lender-controlled) players that have an oligopoly that gives them immense control over fees.

Absent that, some kind of 'floor' for fees is the best solution for consumers - so appraisers can compete on the quality, service, and expertise they can deliver - rather than compete desperately in ruinous competition by doing quick, sloppy work in order to survive. And that `floor' is what was originally proposed by the legislation in the requirement to pay "Customary and Reasonable" fees to appraisers.

Sincerely,



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