

From: Ed Connor
Subject: Reg. Z

Comments:

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Proposal: Regulation Z; Truth in Lending
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Comments:

Comment on Proposal: Regulation Z; Truth in Lending [R-1417] While it's great to make sure that the banks qualify borrowers, to make sure that the home value is correct - Stipulate that appraisers employed by bank owned Appraisal Management Companies are not allowed to do the valuations. The banks own the AMC's and there has been, in the recent past and present, easy money corruption by the banks as the bank owned AMC's are a for profit business for the banks and they only hire the least experienced appraisers, so they can pay them 50% of the typical fees and pocket the difference of what they charge the consumer or buyer. IE... the AMC charges the consumer \$600 and pays the appraiser \$300. These new rules need to specify that only honest unbiased and good quality valuation from experienced independent appraisers and appraisals are accepted. Experienced and unbiased appraisers would not accept \$300. The AMC appraiser is trapped into working for the AMC for 1/2 the fee to stay in business (whether they qualify and deserve to be in business or not). You need to keep the loans and the valuations separate to ensure protection of the consumer (not all of them will want to or might be able to afford to sue) and make sure only unbiased and independent appraisers are used with no ties to any banks or bank owned AMC's. Protect the banks and protect the consumers in this way.

Comments:

Comment on Proposal: Regulation Z; Truth in Lending [R-1417] This is a follow up to a previous post. Truth in lending. Following safe and sane lending standards is the most prudent way to go to protect all involved in financing and mortgage acquisition. One important factor also needs to be considered. Bank owned appraisal management companies are not disinterested parties in the transaction. They are a profit making link owned by the banks for profit on the mortgage and upfront on the appraisal fees where they take 50% of the fees charged the consumer for little more than making a phone call. I was recently working for an AMC (appraisal management company) and there was a sale where

the price had been agreed to by the owner of the condo and the tenant of the condo. There had been no appraisal performed to establish value and a BPO or CMA was not done. The price was solely chosen by agreement between the owner and the tenant. The sales price was 10% higher than any similar condo's that sold nearby. I have over 20 years experience as an appraiser and know what I'm doing. The AMC saw the appraisal and that the value wasn't there for the sale to occur and they blacklisted me for coming in too low to do the loan. Not only that but they are now refusing to pay me. That is just 1 personal experience example of the pressure put on appraisers by bank owned AMC's to always come in at the sales price - or whatever value they want you to come in at. They hire the cheapest and most inexperienced appraisers so they can have total control over them by controlling their wages. Pressure is inherent in the bank owned AMC model. Truth in lending. If you want to raise the quality of loans, make sure that the appraiser is independent and hired and paid by either the homeowner or another non-interested party outside of the bank's purview for an unbiased and impartial valuation - without bank-owned AMC pressure. Protect the homeowner, the economy and the bank against their own imperfections in the process. We don't need another bubble brought about by AMC's picking the least experienced and cheapest appraisers they can find - a la the WAMU and Eappraiseit fraud, with over 200,000 fraudulent valuations by the AMC's inexperienced and easily pressured appraisers made all over the country (Per AG Cuomo) over an 18 month period. That did a LOT of damage and was largely responsible for unwarranted price inflation across the country and the subsequent meltdown. And that was just 1 AMC. They were all doing it as that was the only way they could gain market share from independent appraisers.

Sincerely; Ed Connor