

Monica Jackson  
Office of the Executive Secretary  
Bureau of Consumer Financial Protection  
1700 G Street NW.  
Washington, DC 20552

**Re: 2013 Integrated Mortgage Disclosures Rule Under the Real Estate Settlement Procedures Act (Regulation X) and the Truth in Lending Act (Regulation Z) and Amendments; Delay of Effective Date**

**BUREAU OF CONSUMER FINANCIAL  
PROTECTION**

**80 FR 36727, 36727-36733**

**12 CFR 1024, 12 CFR 1026**

**[Docket No. CFPB-2015-0029]**

**RIN 3170-AA48**

Dear Ms. Jackson,

This letter is in response to the Consumer Financial Protection Bureau (CFPB) request for comments on the proposed amendment to the “Know Before You Owe” mortgage disclosure rule, which proposes to move the rule’s effective date to October 3, 2015. The undersigned represent a networked council of professional state appraiser organizations. We appreciate this opportunity to comment.

We applaud the caution that the Consumer Financial Protection Bureau has exercised in delaying the implementation of the new mortgage disclosure rule.

As the new integrated disclosure rule emphasizes a clear understanding of payments and terms of a newly originated mortgage loan to consumers under the auspices of “Truth In Lending”, we, once again, appeal to the Bureau to incorporate clear disclosures regarding payments for appraisal management services versus appraisal fees.

There is no requirement within the new rule to mandate disclosure to the consumer that the fee paid for an “appraisal” be clearly defined and break down what portion is being paid to the lenders’ third party appraisal management company and which portion of the fee is actually paid to the appraiser. These are actually two separate fees lumped into one which misleads the consumer. The Bureau is well aware of this issue and has avoided addressing the sizable increase in appraisal fees due to the use of third party appraisal management companies (AMCs) by lenders. These AMC fees have nothing to do with the actual completion of an appraisal report by a licensed professional. The AMC’s primary function is selecting an appraiser to complete the report and varying other services the lender requests of them. Yet, AMC fees can often make up 50% or more of the fee put forth on a disclosure under “appraisal fee”. This can be a significant misdirection of the consumer and should not be allowed to continue. These AMC fees are clearly service fees or bank administrative fees and not actual “appraisal” fees.

“Appraisal” fees to consumers continue to rise while the actual payments to appraisers have fallen. As with any business, a focus of third party appraisal management companies is to increase their profits. Under the current disclosures, there is no benefit or accountability to the consumer since the AMC fees are not listed independently. The result of this lumping together of the fee often leads to an appraisal report that is completed by the cheapest appraiser the management company can find; not the most qualified. Currently, (with no separation requirement), a consumer might see an “appraisal” fee for \$600 or more, with no awareness that the appraiser they met at their home and has completed their report is only being paid as little as \$300 or less.

We ask that the Bureau recognize our concern and take this proposed delay, in an attempt to “get it right”, as an opportunity to address this issue. We implore that you implement this simple solution of requiring the actual appraisal fee to be disclosed on its own, not an inflated fee that includes other administrative bank or AMC “add-ons”.

We sincerely appreciate your consideration of these comments. An in-person meeting could be arranged if that would be helpful for further discussion. If you should have any questions, please feel free to contact Peter Gallo at 704-752-6252 x101/peterg@homesightllc.com, or the leadership from any of the below organizations which participate in our Network of State Appraiser Organizations (NSAO).

Sincerely,

Appraiser's Coalition of Washington  
Arizona Association of Real Estate Appraisers  
California Coalition of Appraisal Professionals  
Delaware Association of Appraisers  
Georgia Coalition of Appraisal Professionals  
Idaho Coalition of Appraisal Professionals  
Illinois Coalition of Appraisal Professionals  
Kentucky Association of Real Estate Appraisers  
Louisiana Real Estate Appraisers Coalition  
Maryland Association of Appraisers  
Mississippi Coalition of Appraisers  
North Carolina Real Estate Appraiser Association  
Ohio Coalition of Appraisal Professionals  
Oklahoma Professional Appraisers' Coalition  
Real Estate Appraisers Association (CA)  
South Carolina Professional Appraisers Coalition  
Tennessee Appraiser Coalition  
United Appraisers of Utah  
Virginia Coalition of Appraisal Professionals  
West Virginia Council of Appraiser Professionals  
Wisconsin Coalition of Appraisers