

C.A.R.A.

The Connecticut Association of Real Estate Appraisers

Uniting and Advocating for every Real Estate Appraiser in Connecticut

Hello,

My name is Nora King. I am a Real Estate Appraiser and actively involved in the Connecticut Association of Real Estate Appraisers. I am also an appraiser that works with Large Banks and the Appraisal Management Companies and I see on a day-to-day basis what is happening due to the large banks and AMCs seeing the appraisal as a profit center.

I think Bill 228 will solve the problem and fully provide transparency to the consumer. I think this bill addresses the more underlying issues of consumer transparency and stopping the erosion of the appraisal industry alongside of the registration and regulation of AMCs (HB5221 and SB 13) will stop the problems that the consumer is facing.

The issues that are happening today and why this bill is so critical.

1: Lack of transparency and lack of quality in the appraisal process. Separation of fees is the solution. This is primarily because AMCs and large banks (such as Chase) are treating the appraisal process as a profit center with no regard to the consumer or quality. They have lost sight that buying a house is the biggest investment most consumers make in their life.

- The consumer has no idea that the AMCs are focused on the cheapest appraiser and the quality is suffering. They rarely ask for qualifications but go by who can do it for the cheapest price.
- HUD clearly states the full disclosure of fees must be made to the borrower. AMCs and major banks do not do this because they clearly place their processing fees in the appraisal fee. They clearly state on the appraisal order "Do not discuss or disclose fees to borrower." This means one thing – they do not want the consumer to know what they are paying for.
- They are breaking anti-trust laws by setting the fees and stopping the competitiveness of the appraisal business as well as driving costs up for the consumer with no thought to the quality or risk that is being assumed

by the consumer. In many cases the banks and the AMCs (which some are bank owned) mark the appraisal up by 50 or 60%.

- The only way to stop this from happening and provide full disclosure is to allow the appraiser to provide their invoice both in the report and at time of inspection.

2: The banking commission in the State of CT knows this is happening and has no control over it. It is important for these laws to be passed on a state level; federal laws don't appear to have the ability to be regulated whereas at the state level it could be regulated. It could be a great way to levy fines for revenue generation for the state against these large banks and AMCs if they violate the rules.

3: Tax dollars should remain in CT. The tax dollars should be kept in the State of CT and the appraiser should be collecting the fees that are paid for a service within their state. Many appraisers have financially been suffering due lack of regulation of large banks like Chase, BOA and large Appraisal Management Companies (Rels, LSI, Quantrix etc.) and in most cases have no legal recourse do to the size of these entities and inability for the States to help. By keeping the fees in the State of CT it will help our economy and help ensure our CT consumers are getting full transparency.

3: There are other elements that the appraisal industry is facing such as alteration of reports. They strip out invoicing, addendums, add their own content and the consumer has no idea this is going on. Howard Pitkin from the Banking Commission is aware that this is happening but has no legal rights to go after the banks and AMCs that are doing this and accepting this practice. They do this through such companies as FNC, which owns Appraisal Port and who working with lobbyists to ensure the continued ability to alter or change the data and strip out invoices.

4: There are four other states that have added bills to ensure that banks and AMCs cannot restrict the appraiser from the ability to provide an invoice to the consumer that discloses their fee and allow no mark up of the appraisal fee. These states are leading the way for consumer transparency and Connecticut should be a leader as well since we have an economy that relies on high valued properties.

Thank you so much for your interest in this matter and I hope that this year we can act and ensure full consumer transparency and lessen the risk by ensuring the quality in the appraisal process.

See attached letter to the CEO of Chase and a job posting from Chase's management company that clearly tells their assigners to shop on fee to maintain profitability.

Nora King 203 866 6777

James Dimon
JP Morgan Chase

January 28, 2010

Dear Mr Dimon,

My name is Nora King and I am the owner of Nora King and Company which is a residential real estate appraisal company based in the State of Connecticut. Additionally, I am an officer of CARA (The Connecticut Association of Real Estate Appraisers.)

I am writing in regards to the appraisal management companies that your company has chosen to manage your appraisal process, moreover Quantrix and LSI.

In my experience these two companies are more focused on the mark up in which they are able to place on an appraisal. Procuring the most experienced appraiser with GEO competency at a reasonable fee is secondary to procuring the cheapest appraiser irrespective of that appraisers GEO competency.

As someone who works for both Quantrix and LSI I can attest to the fact that these companies are constantly trying to solicit the cheapest appraisers who are willing to appraise extremely complex multi million dollar homes for as little as 200.00 or 300.00 dollars.

As appraisers we have to maintain our appraisal work files therefore the aforementioned requests and others like them have been well documented by myself as well as my colleagues within the Connecticut Association of Real Estate Appraisers. To put it bluntly Quantrix and LSI do not care about your customer; all they care about is finding the cheapest appraiser so they can mark and profit off the appraisal service. Also, these same management companies threaten to black ball or decrease the ability of small appraisal offices to survive.

As the CEO of JP Morgan Chase I would hope you would be appalled that your company is allowing the aforementioned AMC's to procure your appraisals based on this methodology.

It is about time that the large banks take responsibility for allowing this practice to continue. I have an MBA in business and I love appraising. However, I have watched the AMCs slowly ruin this business mostly due to big banks like yourself allowing this to happen. You and other Chase executives talk about risk management continually in the news but yet you actually don't practice what you are preaching. I have hundreds of examples of this with supporting evidence on how Chase uses AMCs and doesn't care about the transparency to the consumer or practice strong risk assessment in the appraisal process.

Your further endorsement of fee erosion and poor quality of the appraisal process would never be tolerated if your own bonuses were tied to it. It seems like the big banks keep profiting more and more from the small business owner and the home buyer everyday!

The appraisal is one of the most important steps in the mortgage process. A home is often the largest investment a consumer can have yet you continual endorse this process with AMCS. It must stop!

Regards,

Nora King
Nora King and Co. LLC
294 Rowayton Avenue
Norwalk CT, 06853

CC: CT Banking Commission, Appraisal Commission, Senator Chris Dodd, Senator Joseph Lieberman, President Barack Obama

- Shorten turn around times by establishing a good flow of communication with our appraisers, keeping in contact with both the appraiser and lender to accomplish this goal.

- Holds – When the reason a hold was requested is out of the appraiser's control, place the order on hold and contact the client to update them and-or request needed information.

- Fees – Products have a standard flat fee regardless of what state the property is located in on all properties up to 1 million dollar or 1.5 million dollars dependent on business line. For this reason it is important for PAs to attempt to place the order to an appraiser with the lowest fee to maintain our profitability. On orders over 1 million dollars the PA is to obtain 3 fee quotes from 3 different offices before assigning the order. In situations where we must use a one time vendor or fee appraiser the PA will need to check as many options as possible to obtain the lowest fee.

- The use of fee appraisers should be limited unless determined to be the best option

- Documentation Habits – ways to improve
 - o Use the correct abbreviations and acronyms.
 - o Be clear and concise.
 - o Do not over abbreviate.
 - o Do not abbreviate when downloading notes to the client.
 - o Record the name of the person with whom you spoke.
 - o Record the person's position.
 - o Do not use one or two word follow-ups.
 - o Record the reason for a fee increase request.
- Job Qualifications EDUCATION, EXPERIENCE AND SKILLS:

To perform this position successfully, an individual must be able to perform each function satisfactorily. The requirements listed below represent minimum levels of knowledge, skills and/or necessary abilities. Reasonable accommodations may be made to enable individuals with disabilities to perform the essential functions.

REQUIRED:

- High School diploma or equivalent
- Strong analytical and problem resolution skills.
- Ability to be creative regarding current processes and future improvements.
- Demonstrated ability to work independently and meet multiple goals and deadlines.
- Effective time management and organizational skills.
- Proven ability in building, nurturing, and protecting customer relationships.
- Excellent oral, written, analytical and interpersonal communication skills.
- Professional demeanor.

PREFERRED:

- Proficient computer skills in Window-based software products such as Word, Access, Excel, Email and Power Point.
- 2-4 year college degree or equivalent relevant experience in the customer service field.

First American offers an empowered work environment that encourages creativity, initiative and professional growth. Our competitive salary and benefits package includes:

- Health, dental and vision care
- 401(k) retirement savings plan including a company match tied to profitability
- Long-term disability insurance
- Short-term disability insurance
- Discount stock purchase program
- Tuition assistance program
- Title and escrow fee reimbursement program
- Company credit union

First American Corporation is an Equal Employment Opportunity/Affirmative Action Employer and maintains a Drug-Free Workplace.

% of Travel Required None

NOTICE: Individual is responsible to adhere to First American Corporation's and department's compliance and information security policies, practices, and procedures, including the handling of systems and data, in the performance of the role.

Bloomington, MN

Bloomington, Minnesota