Reader Comments:

From an Appraiser:

As an appraiser, I read your article today with great interest. The problem is more wide reaching than you wrote. Today I received my 4th appraisal request from an out of state AMC for an under contract property in Fairplay. I turned down three other requests from the same AMC because their fee is about 40% of what I normally charge. It's obvious that they cannot find another appraiser to do the work for that fee. As a result, there's a disappointed seller, buyer, Realtor and lending institution. I doubt any of them know that this transaction won't close due to a greedy AMC, or they would find another AMC that pays the appraiser a fair fee for the work involved.

This will only get worse. Older, more experienced appraisers are leaving the profession, and due to lower fees, more work and higher education requirements, new, young blood are not entering the filed.

The HVCC is hampering not stimulating the real estate market.

(Name withheld on request)

From a Realtor:

I wanted to say thank you for all of your hard work and great column. I appreciate you using your megaphone column to expose the corruption that is often so hard for others to see or believe.

Keep up the great work .

Zane Penley

From a Mortgage Broker:

Good article, Jim. It's not a great rule. I understand what they were trying to prevent. There certainly has been too much persuasion involved with appraisal orders, but this rule may be a cure that is worse then the disease. The biggest blunder is what you mentioned where the results (the appraisal) are non-transferable — even though they are paid for by the borrower! It should be their asset if they paid for it.

It's almost like if I wanted to invest in you because you were wanting to raise capital to do some 'money making venture.' So I say to you, "Well I'd like to get your financial so I understand your current numbers and proposed numbers." You say fine and pay $1,000 or whatever to have an accountant quantify all your current numbers and make projections based on legitimate variables. In other words, you pay for a financial appraisal of yourself and your idea. Then I look at the numbers and say, I don't want to invest. Now, would it be illegal for you to take your financial statements and go pitch your idea to another investor? With HVCC, it would!

It's just an unreal concept that my borrowers fork over $375, and then if the value is not there in their purchase or refi, they cannot even have the ability to take their appraisal and go down the road maybe being able to find something else with a different structure.

Joe Selander

From a Lawyer:

I need not tell you I read your article in this week's Your Hub. It is a good example of what often happens when the federal government acts to solve some problem. A couple of decades ago I was director of the real property division of the Section of Real Property, Probate and Trust Law of the American Bar Association. I am not sure, there may have been a name change in that Section. I have been retired and out of such things since 1991.

Anyway, I am reminded of the imposition of the Real Estate Settlement Procedures Act (RESPA). Many of the lawyers interested in real property matters predicted that RESPA would do very little good for consumers and would cause substantial increases in the cost of real estate transactions. I think experience has shown this to be the case.

At one time there was a National Conference of Lawyers and Realtors that met annually to try to reduce conflicts between the two professions. I was the ABA co-chair of the conference. I don't remember the reason, but the National Association of Realtors withdrew, thus ending the life of the conference. There was also a National Conference of Lawyers, Abstractors and Title Insurers on which I was an ABA delegate.

Your articles are uniformly interesting and should be appreciated by the public and by Realtors in general.

John S. Kellogg

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Reader Comments (cont'd):

From another Mortgage Broker:

One issue I expected has already arrived. Under HVCC, we are to provide a date and time for the appraisal inspection. We were notified today that the appraiser did not show up or call to reschedule. Since we are allowed no contact with the appraiser, we have no idea when we will get an appraisal.

Under HVCC, the appraisal will not be sent to us. We will have no way of knowing if it will be acceptable until the underwriter signs off on the loan and loan documents are sent to the title company. If the appraisal is unacceptable for the requested loan, but it would be acceptable for a different loan, we may or may not be able to reuse the appraisal. Depending on the loan program change, it may be necessary to reorder an appraisal and start again.

By loan program change, it could be something as simple as moving from 10% down to 5% down for any reason. It could be something as uncontrollable as a buyer wrecking their car and buying a replacement that causes them to want to put less down. It could be that they decide to keep more money for moving expenses, etc. Under the old rules, we could order an appraisal and use it for any loan with any investor. Now, the appraisals are ordered based on who is to fund the loan before we have loan approval. The appraisals have limited portability, even though the government claims they are easily moved.

What this means to your buyers and sellers is that ***we have no way of meeting any schedule brokers write into any contract.*** My recommendation would be that brokers never allow a buyer's earnest money to become nonrefundable with respect to financing until the loan documents are at the title company, and preferably after funding.

The issue in the above example is that I have multiple sources for a 10% down conventional loan in the metro area, but only one that will take a 5% down deal. The pricing is higher with the company that will take the 5% down deal.

Another example is a home that may be acceptable for conventional financing but not FHA. You may not know until the appraisal comes back. An FHA appraisal may not be usable for a conventional loan because at least some FHA appraisals are not going through the HVCC ordering process.

As an aside, if the appraisal takes too long, it creates an issue with other documentation that may expire such as income and asset documentation. If those documents expire, we get to redo them and the process is delayed more.

Don Opeka