

**Subject:** Appraisal and Evaluation Guidelines

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Proposal: Proposed Interagency Appraisal and Evaluation Guidelines

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**Comments:**

From: Austin Jones Jr. Certified General Real Estate Appraiser 217 Lynn Street Suite 106 Danville, Va 24541  
Comments on the following items of concern: OCC Docket ID-2008-0021  
1. There is an existing and proposed regulation in the above referenced document which states that a regulated institution can use an appraisal prepared by an appraiser for another institution if certain conditions are met. It is my understanding from information from the head of the US copyright office that doing this is a copyright violation. The appraiser has no client relation with the second institution and due to privity of contract issues the violating institution has no recourse against the appraiser under these circumstances in addition to copyright violations. I do not understand how the OCC or other government regulatory agencies can have policies and guidelines that violate their own laws.  
2. Evaluations: I have dealt with this issue for about 15 years with local banks. An evaluation is nothing more than a loophole to avoid and circumvent the spirit and scope of collateral valuation and appraisal regulation in general. These valuations go by other names like broker's price opinions of value (bpo's) CRE's etc. In 1994, the OCC in a letter outlined the content requirements for evaluations and after talking with scores of people who do evaluations for lending institutions in this state of Virginia I have never seen one person doing these evaluation that knows what definition of market value applies or has ever seen or heard of the content requirements. They have absolutely no concept of what the value number they are reporting means or can support how the value was derived. I have never talked with a commercial banker than knows the evaluation guideline contend requirement or any related issues. I talked with a Realtor recently who does a large number of these bpo's and he reported that a lender called him and stated that they required certain value adjustments and he needed to make the adjustments. I talked with a senior executive of a large California based mortgage lender who reported that he used thousands of broker opinions of value and has never seen one that conforms to the OCC guidelines.  
3. I do not do GSE appraisals but over the years have had contact via the Internet with hundreds of appraisers who do. Doing GSE appraisals is in my opinion a completely different branch of appraising on its own and should be disassociated from general appraisal practice. The reason being is that under the existing setup which led to the existing financial crisis GSE appraisals are not appraisals at all but are nothing more than a format model that can be and has been designed to force these so called appraisers to hit the number the lenders need to make the deal by manipulating the price adjustments with required value adjustment methods. One example is making room count adjustments in addition to gross living area adjustments which inflates value by double counting for the same item. Bigger houses have more rooms etc. so adjusting for both is double counting. This is an example of lender guidelines in violation or conflict of Uniform Standards of Professional Appraisal Practice (USPAP) which states the appraiser determines from market evidence

what affects value and is responsible for the final result. You cannot have regulations that influence outcome and then claim appraisal independence and liability for the result. Further, this branch of appraising has evolved under existing the licensing system into a pyramiding scheme. These people work for one year under a supervisor that basically has the same background as they do then branch out on their own with their new state license and hire other trainees to keep the scheme expanding. They make huge sums of money and generally have no idea how to properly analyze data or appraise. All they know how to do is fill out the forms and work the format. I have seen numerous commercial banks hire these people to do this work for their in house uses when the terms and conditions of these appraisal forms are totally inappropriate for their needs due to the GSE guidelines and conditions of appraisal. I had a local commercial bank appraisal reviewer call me recently and ask why an appraisal I did for them was not GSE compliant when I have in my possession a copy of the banks appraisal policy and there are no such requirements and the appraisal was not on a GSE form. I was informed that a bank examiner that really knew his stuff gave them these guidelines for use in their reviews. 4. I have been appraising for 36 years and was one of the first people licensed and certified in Virginia. I have never encountered a commercial bank officer CEO and down, LO or employee that has any concept of the guidelines for appraisers or any basic understanding of these regulations or by whom they are regulated. It is inconceivable to me how any senior bank officer could reach the VP and CEO level and have this level of understanding. Most recent case I have experienced was an appraisal on a subdivision with 12 lots remaining priced at \$100,000 each and a distressed borrower. This subdivision had been on the market for 5 years with two sales per year going into a depressed era. A senior VP insisted that the price of the remaining 12 lots was \$1,200,000 when under FDIC guidelines they were worth \$500,000 and basically said his commercial bank was not regulated by these guidelines that require discounting. Why should I as an appraiser be charged with training and enforcing these guidelines? There should be training and certification requirements for these people as well as continuing education and the regulatory agencies should do their job of regulating. In 36 years I have never been contacted by a bank examiner to get my input or asked if I was having any problems. 5. You can pass all of the regulations you want to but if the laws and regulations are not enforced they are useless and I can tell you from experience this is standard practice. If you don't give appraisers a phone number and contact person they can communicate with at the regulatory agencies to report these abuses to and get immediate action and follow up then in my view the regulatory agencies are not serious about doing their jobs to wit the existing world financial crisis. Around 2002 the USA Appraisers wrote a petition warning of the mortgage abuses and what problems it could cause. One out of every 9 appraisers in the US signed the petition. (The Appraisers Petition) It was mailed to every agency and legislator in the country and you see how much good it did.