

The Interim Final Rule: Understanding Customary and Reasonable Fees

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Make an incredibly smart decision



Agenda

- ❖ The History Of Reasonable & Customary Fees
- ❖ Where Is The Industry Headed?
- ❖ A Performance Perspective
- ❖ The Importance Of Training
- ❖ About Solidifi

The History Of Reasonable & Customary Fees

- ❖ The Dodd-Frank Act requires that lenders and their agents pay reasonable and customary fees to appraisers.

The History Of Reasonable & Customary Fees

Reasonable and Customary

“Lenders and their agents shall compensate fee appraisers at a rate that is customary and reasonable for appraisal services performed in the market area of the property being appraised. Evidence for such fees may be established by objective third-party information, such as government agency fee schedules, academic studies, and independent private sector surveys. Fee studies shall exclude assignments ordered by known appraisal management companies.”

*Dodd-Frank Act §1472(a); 15 U.S.C.
§1639(e)(i)(1).*

The History Of Reasonable & Customary Fees

Reasonable and Customary

1. If the fee is reasonably related to recent rates paid for appraisal services in the relevant geographic market, and, in setting the fee, the creditor or its agent has:
 - Taken into account specific factors, which include, for example, the type of property, the scope of work, and appraiser qualifications; and
 - Not engaged in any anticompetitive actions, in violation of state or federal law that affect the rate of compensation paid to fee appraisers
2. If fees are based on rates established through third party sources, such as the appraisal fee schedule issued by the Veteran's Administration, and other fee surveys and reports by independent third parties.

No presumption of compliance solely because fee appraiser signs a document agreeing that the fee is reasonable and customary.

Volume-based discounts are not prohibited so long as the compensation is Reasonable and customary.

The History Of Reasonable & Customary Fees

Dodd Frank and the Appraisal Process

1. Customary and Reasonable Rate of Compensation for Fee Appraisers
2. Appraisal Independence/Coercion
3. Conflicts of Interest
4. Mandatory Reporting of Appraiser Misconduct

Where Is The Industry Headed?

- ❖ Clearly a need for appraisers
- ❖ Conflicting issues
- ❖ New Expectations, Responsibilities and Liabilities

A Performance Perspective

- ❖ It's more than speed and price
- ❖ Lender and Investor Perspective
- ❖ Appraiser and AMC accountability
- ❖ Solving the need while complying with USPAP

The Importance Of Training

- ❖ Dodd Frank brings new levels of responsibilities
- ❖ Regulatory Questions
- ❖ Repurchase issues
- ❖ On going need to stay up with changes

About Solidifi



Offering the next generation in appraisal management, **Solidifi** combines

- **Leading edge technology and**
- **Full fee appraiser partner model**

with data-driven property analytics to provide mortgage lenders and originators in North America with quality driven and cost effective residential real estate valuations & collateral risk management solutions

About Solidifi

- ❖ Founder & CEO Jason Smith
Co Founder of Basis 100
- ❖ Solidifi founded in 2004 & currently operating in the US and Canada
 - 100+ employees
 - US head office – Chicago, IL
 - Canadian head office – Toronto, ON
- ❖ Solidifi entered US Mortgage Market in 2008
 - Two years later assisting 300+ and rapidly growing Regional and National lenders
- ❖ Solidifi has an experienced executive team with a long history of global mortgage banking experience
Freddie Mac, United Guaranty, Basis 100, GMAC , HSBC, MGIC, Genworth, TD Bank, Equifax
- ❖ Solidifi has a proven reputation delivering business solutions to multinational financial institutions



About Solidifi

Driving quality at the start of the appraisal process

- ❖ Upfront appraiser assignment criteria based on unbiased appraiser performance tracking and reporting
- ❖ Real time performance metrics include Solidifi iQ™, distance to subject property, customary and reasonable fee, revision rate and verified appraiser credentials

**Ensuring you're working with the highest quality appraiser,
at fair value, in your local market – every time**

Questions?

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