

As a retired Chief Appraiser of Coast Federal Bank, I would like to offer my opinion on the current problem facing the banking industry.

From the early 1960's until the year 2000, I have appraised all types of properties throughout the United States. In 1977, received my Senior Real Property Designation from the Society of Real Estate Appraisers (now The Appraisal Institute-retired).

When the first banking problem occurred in the late 1980's, I was one of the first appraisers to receive the California Real Estate Appraisers License. At that time, we all felt that the problem was solved but we were wrong.

I am discovering that if Fee Appraisers for the banks did not come up with the banks' inflated values they would not receive additional appraisal assignments. Also, the appraisers that worked for the banks were coerced by upper management to raise the unrealistic values so that banks could make the loan. The appraisers felt intimidated and feared that they would lose their jobs if they did not comply.

As an example of this type of treatment, my last year at Coast Federal Bank, I would not permit my appraisers to make appraisals to suit management needs. Because of this, I was demoted to Review Appraiser and a new Chief Appraiser was hired.

It seems that the California Office of Real Estate Appraisers does not have enough man power and authority to regulate bank appraisals.

My plan would be to have Review Appraisers at the different banks, where the salaries would be paid by the bank but the Review Appraisers would report directly to the California Office of Real Estate Appraisers. This would be more cost effective than having the government take over the banks. There appears to be no other way to regulate the banks from the controls they have over the appraisers.

Also, approximately ten years ago, I stated that Freddie Mac and Fannie Mae would be in trouble if the real estate market would take a down turn. These privately owned companies backed by the federal government thought that they were purchasing good loans from the banks relying on the integrity of the banks. No reviews were made to see if the appraisals were correct.

The only obstacle facing my idea is the Banks' Lobbyist would fight my plan to the very end.

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