

## **Chapter One: The Insertion (2009)**

### **Lisa Redding and the Birth of the Parasites**

Lisa Redding was hanging Christmas lights in July when the neighbor called the police.

It wasn't madness that drove her to string "MERRY EXTINCTION" across her front lawn in blazing red letters on that sweltering Colorado morning. It was the final stage of grief: acceptance mixed with defiance. After eight months of watching her seventeen-year career dissolve into bureaucratic quicksand, Lisa had decided that if she was going to die professionally, she would at least die with a statement.

The two officers who knocked on her door in Lakewood looked embarrassed. The older one, Sergeant Martinez, had used Lisa's appraisal services twice for his own home purchases.

"Lisa, we have to ask you to take down the lights," he said, unable to meet her eyes. "Mrs. Patterson filed a complaint about public displays."

"Mrs. Patterson can kiss my professional ass," Lisa replied, then immediately felt bad for cursing in front of men she respected. "I'm sorry, Miguel. It's been a rough year."

Martinez nodded. He had heard rumors around town about what was happening to local appraisers. "The lights have to come down, but maybe we could grab coffee sometime? My cousin's thinking about refinancing, and these new management companies have him spooked."

Lisa looked at the sergeant for a long moment, then at the lights that had taken her three hours to hang in the morning heat. "Give me twenty minutes," she said.

As she untangled the extension cords, Lisa thought about the phone call that had started her professional death spiral eight months earlier. It had come from Mike Henderson at First National Bank, where she had been doing appraisals for over a decade. Mike had been at her daughter Emma's birthday parties. His wife and Lisa served together on the school fundraising committee.

"Lisa, hey. Look, I wish I had better news," Mike had said, his voice carrying an awkward formality she had never heard before. "We're not handling our own appraisal orders anymore. Everything goes through a management company now. Some new regulation called HVCC. My hands are tied."

The Home Valuation Code of Conduct. Lisa had heard whispers about it at the state appraiser meetings, but the details had been murky. Something about preventing pressure on appraisers, about maintaining independence after the subprime mortgage crisis. It had sounded reasonable in the abstract.

What Mike hadn't told her, what nobody had explained clearly, was that HVCC was the result of a settlement between New York Attorney General Andrew Cuomo and Fannie Mae and Freddie Mac. Cuomo had accused the government-sponsored enterprises of allowing lenders to pressure appraisers into inflating values during the housing boom. The solution, according to the settlement, was to insert independent third parties between lenders and appraisers.

Those third parties became known as Appraisal Management Companies.

"What management company?" Lisa had asked Mike that day.

"ValuNation Services. You'll need to register with them if you want to keep getting our orders."

Lisa had never heard of ValuNation, but she wrote down the website Mike rattled off and promised to look into it. After hanging up, she sat staring at her phone for a long moment. Seventeen years of relationship-building of proving herself reliable, of becoming the go-to appraiser for three different banks in the area, and now she had to start over with some company she had never heard of.

The ValuNation website looked like every other corporate portal: sleek, impersonal, and designed by people who had never stepped foot on a construction site. The registration process took four hours. Background check, insurance verification, sample reports, references, continuing education certificates. All for the privilege of maybe getting work from a company that would decide if she was worth their time.

Three weeks later, her first order came through the portal. A ranch home in Lakewood, the kind of property she could appraise in her sleep. The address was familiar. She had done three other homes on the same street in the past five years. But when she saw the fee, her stomach dropped.

Two hundred and fifty dollars.

For the exact same type of appraisal that First National had paid her four hundred dollars to complete just six months earlier.

Lisa called the number listed on the order. After navigating through an automated phone tree that seemed designed to discourage human contact, she finally reached someone named Derek in what sounded like a call center.

"Hi, this is Lisa Redding. I received an appraisal order through your portal, but I think there might be an error with the fee. It shows \$250, but this type of property typically runs \$400."

Derek's response was delivered in the tone of someone who had this conversation twenty times a day: "The fee is correct. If you're not comfortable with the compensation, you can decline the order, and it will be reassigned."

"But the borrower is still paying the full appraisal fee, right? What's happening to the other \$150?"

"Ma'am, ValuNation provides valuable management services that justify our administrative fee. If you'd like to discuss our compensation structure further, I can transfer you to our vendor relations department, but they're not available until Thursday."

Lisa stared at the phone after Derek hung up. She understood now. ValuNation was charging the borrower the full \$400, maybe more, then keeping \$150 for themselves while tossing the remaining \$250 to whoever was desperate enough to take it. They were middlemen who had inserted themselves into a transaction that had worked fine without them for decades.

She declined the order.

The next order that came through was for \$225. She declined that one too.

By the end of the month, her phone had stopped ringing entirely. The orders weren't coming through ValuNation anymore. Apparently, she'd been flagged as "non-responsive" and removed from their rotation. The other banks she'd worked with had made similar transitions. Continental Bank now used PropertyFlow Management. Mountain West Credit Union had signed with AppraisalLink Solutions.

Lisa tried registering with all of them. The process was the same everywhere: lengthy applications, waiting periods, then lowball offers that barely covered her overhead. And each company had its own portal, its own forms, its own Byzantine requirements for photograph angles and report formatting.

The cruelest irony was that the borrowers had no idea this was happening. They saw the same line item on their closing disclosures: "Appraisal Fee: \$450." They assumed the appraiser was pocketing the entire amount. In reality, the AMCs (Appraisal Management Company) were skimming 30-50% off the top while the appraisers who did the actual work fought over the scraps.

Emma found her mother crying at the kitchen table one evening in May, surrounded by printed emails and portal screenshots.

"What's wrong, Mom?"

Lisa wiped her eyes and tried to compose herself. How do you explain to a thirteen-year-old that your career has been hijacked by people who've never done your job but somehow have the power to dictate whether you eat?

"Work stuff, sweetie. Don't worry about it."

But Lisa was worried. The mortgage on their house was \$1,800 a month. Emma's braces would cost \$4,000. The transmission in her Honda was making that grinding noise that meant expensive repairs were coming. For seventeen years, she'd been able to count on appraisal income to cover these expenses. Now she was fighting over scraps with dozens of other appraisers who were just as desperate.

In June, she got a call from Tom Bradley, another appraiser she'd known for years. Tom had been in the business longer than almost anyone in the Denver area, a guy who could walk through a house and tell you what it was worth before he'd even seen the comparables.

"Lisa, I wanted to give you a heads up. I'm getting out."

"Getting out of which company?"

"All of them. The whole business. I can't make it work anymore." Tom's voice was flat, exhausted. "I did the math. Between the reduced fees, the extra time dealing with their portals, and the revision requests they send back for bullshit reasons; I'm making about twelve dollars an hour. I can make more than that managing a McDonald's."

Lisa felt something cold settle in her chest. Tom Bradley was a legend. If he was walking away, what hope did the rest of them have?

"What are you going to do?"

"My brother-in-law owns a construction company. He's offered me a job doing project management. Same kind of work, really. Figuring out what things are worth. But at least he won't take half my paycheck for the privilege of working."

After Tom hung up, Lisa sat at her kitchen table and did her own math. In May, she'd completed six appraisals. Four through AMCs, two direct orders from attorneys handling estate work. The AMC jobs paid an average of \$235. The attorney work paid \$425 each.

Total income: \$1,790. Less than she'd made in a single week the previous year.

But it wasn't just about the money. It was about the constant humiliation of dealing with twenty-something "reviewers" who had never inspected a house but felt qualified to lecture her about market conditions in neighborhoods she'd been appraising for a decade. It was about the automated emails that criticized her for "insufficient narrative" when she failed to

write a paragraph about why a 1970s ranch home had wood-grain kitchen cabinets. It was about the slow realization that she was no longer a professional appraiser. She was piece-work labor for companies that viewed her as completely replaceable.

The breaking point came in early July with an assignment from PropertyFlow Management. A manufactured home in Thornton, forty-five minutes from her house. The fee was \$180 with a twenty-four-hour turnaround requirement.

Lisa accepted because she needed the money. She drove to Thornton in 95-degree heat, spent two hours inspecting and photographing a property that was clearly overpriced for its condition and location, then drove home to write a report that would disappoint everyone involved.

Her analysis supported a value of \$67,000. The borrower needed \$85,000 to make their refinance work. Lisa knew her number was right; she had three solid comparable sales and had made appropriate adjustments for condition and location. But she also knew what would happen when she submitted the report.

The call came six hours after she uploaded the file.

"Ms. Redding, this is Jennifer from PropertyFlow quality review. We've received your report on the Thornton property, and the value seems quite conservative. Can you take another look at your comparable selection?"

"I used the three best sales from the immediate area," Lisa replied. "The value is supported."

"Our client is indicating that similar properties in the area have sold for significantly higher amounts. Would you be willing to research additional sales?"

Lisa closed her eyes. She knew what was happening. The borrower had complained about the value, probably threatened to take their business elsewhere, and now PropertyFlow was pressuring her to find a higher number.

"Jennifer, I've been appraising manufactured housing for fifteen years. My comparable selection is appropriate, and my adjustments are supported by market evidence. The value is \$67,000."

"I understand your position, Ms. Redding, but we need to be absolutely certain we're providing our client with the most accurate possible valuation. Could you please review sales from a slightly broader geographic area?"

It was pressure, pure and simple. The kind of pressure that HVCC was supposedly designed to prevent. But now instead of coming directly from a loan officer who Lisa could argue with

face-to-face, it was coming through a corporate intermediary who could hide behind "quality review" procedures.

"The answer is still \$67,000," Lisa said. "That's my professional opinion, and I'm not changing it."

The line went quiet for a moment. "Ms. Redding, I need to note in your file that you've declined to provide additional research when requested. This may affect your quality rating with PropertyFlow."

Lisa hung up feeling dirty. She had done exactly what an appraiser was supposed to do, had resisted pressure to inflate a value, and now she was being punished for it.

The manufactured home loan never closed. The borrower filed a complaint with PropertyFlow, claiming Lisa's appraisal was "obviously wrong" because other appraisers had told them the property was worth more. PropertyFlow placed Lisa on "additional review" status, which meant all her future reports would be subject to extra scrutiny and longer processing times.

Two weeks later, PropertyFlow stopped sending her assignments altogether.

That's when Lisa decided to hang the Christmas lights.

She spent the July 4th weekend installing the elaborate display, working in the blazing sun to spell out her message to the neighborhood. Cars slowed down to read the lights. People stopped to take pictures. A few neighbors asked what was going on.

Lisa told them. She explained how AMCs worked, how they skimmed fees, how they pressured appraisers while claiming to prevent pressure. She showed them her income statements from before and after HVCC. She explained that their appraisal fees were going to corporate middlemen instead of the professionals doing the work.

One neighbor, a retired teacher named Mrs. Chen, listened with growing anger. "So, when I refinanced last month and paid \$500 for an appraisal, the actual appraiser only got \$250?"

"If you were lucky," Lisa replied. "Some of them are paying even less."

Mrs. Chen shook her head. "That's theft."

"That's the new normal."

The Christmas lights stayed up for exactly eighteen days. Long enough for Channel 7 News to do a segment about the "unusual protest," long enough for a local blogger to write about the "death of appraisal independence," long enough for a few dozen people to start asking uncomfortable questions about who was really determining the value of their homes.

It wasn't enough to save Lisa's career, but it was something.

In August, Lisa took a job at a title company. The work was steadier, the pay more predictable, and nobody questioned her experience or competence. She kept her appraisal license active and still took the occasional assignment from attorneys who remembered when appraisers were treated like professionals.

But she never forgot the phone call from Mike Henderson that had started her professional apocalypse, or the moment she realized that seventeen years of building a career could be erased by people who had never done the work but somehow had been given the power to control who got to do it.

The insertion was complete. The parasites had found their host, had begun feeding, and had convinced everyone that their presence was necessary for the host's health.

HVCC had been sold as reform, as protection for appraisers against lender pressure. In reality, it had created a system where pressure was institutionalized, where corporate profits were skimmed from professional fees, and where the relationship between appraisers and their clients was permanently severed.

The borrowers paid the same fees but got less service. The lenders got the same appraisals but with reduced accountability. The appraisers did the same work but for half the pay.

The only winners were the AMCs, the middlemen who had successfully convinced regulators that the solution to industry problems was the insertion of profit-seeking intermediaries who added cost while providing no value.

Lisa Redding's Christmas lights came down on July 22, 2009. By then, the message had been sent and the pattern established. An entire profession was being systematically looted by corporate parasites, and the government was not only allowing it but requiring it.

The insertion was just the beginning. Much worse was coming.

But for now, the parasites were content to feed quietly while their hosts slowly weakened. There would be time for more aggressive measures later, when the appraisers were too depleted to fight back.

The nineteen-year campaign to eliminate professional independence had begun.

