



## Obama Signs Bill Eliminating HVCC

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When President Barack Obama signed the Dodd-Frank Act this week

<<http://www.housingwire.com/2010/07/21/obama-signs-common-sense-financial-reform-into-law>> to reform the financial markets, the Home Valuation Code of Conduct (HVCC) was officially set for elimination in 90 days.

The Federal Housing Finance Agency (FHFA) implemented HVCC in May 2009 in an attempt to improve the independence of appraisers by prohibiting lenders and third parties from influencing appraisals. It's a controversial regulation, leading to an increase in demand for appraisal management companies (AMCs) and complaints from independent appraisers who claim they're being cut out of the market.

Before the Congress passed the bill, a congressional conference took place to reconcile versions from the House and Senate. Lawmakers put a new set of "appraisal independence standards" into the bill to replace the HVCC.

The "appraisal independence standards" will be written over the next 60 days. The newly enacted bill, unlike HVCC, allows Fannie Mae or Freddie Mac to accept any appraisal report completed by an appraiser selected or paid by a mortgage loan originator.

The reform also stipulates that the new standards will include a requirement that lenders and their agents pay appraisers at market rates. The new standards will still subject loan originators to any state or federal laws that prohibit it from making payments, threats or promises to an appraiser to influence the work. But nothing in the standards will prohibit a person with an interest in the transaction from asking the appraiser to consider other information, provide further detail or correct errors in the appraisal.

A spokesperson at OK Appraisals, a company based in California, said he's still waiting to see the new rules. "Good riddance to HVCC. We now have to see what the Fed will write as to the concrete rules on appraiser independence. Hopefully nobody will be excluded from ordering an appraisal," the spokesperson said. According to a client alert from K&L Gates, an international law firm that represents capital market players, the end of HVCC will not mean the end for AMCs.

"While the HVCC may be fading into the sunset, don't expect the same fate for AMCs, AVMs, and BPOs," according to K&L Gates.

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