

Home Valuation Code of Conduct

eAppraiseIT™ Compliance Policies

The following written policies and procedures have been adopted and implemented by eAppraiseIT™ to insure full compliance with the Home Valuation Code of Conduct (HVCC). Topics include appraiser independence safeguards, borrower receipt of appraisal, appraiser engagement, prevention of improper influences on appraisers, the Independent Valuation Protection Institute, appraisal quality control testing, reporting of appraisal misconduct, representations and warranties, scope of code, and training and disciplinary rules on appraiser independence (including all principles and rules detailed in the HVCC). eAppraiseIT affirmatively states that it has mechanisms in place to report and discipline anyone who violates these policies and procedures.

eAppraiseIT (EA) recognizes and fully supports all the functions of the Independent Valuation Protection Institute.

Section I – Appraiser Independence Safeguards

EA verifies that all appraisers on our panel are licensed or certified by the state in which the property to be appraised is located. Our proprietary software, TALON, tracks license renewals. We also check the Appraisal Subcommittee database (ASC.GOV) for disciplinary actions.

We require strict adherence to all provisions of the HVCC from our internal staff, appraisers and all stakeholders involved in the process.

Appraisers are paid their full fee regardless of the outcome of the valuation.

EA does not have their appraisers engage in comp checks. In addition, neither the loan amount nor an estimated value is provided to the appraiser.

EA has a well-defined process for removing an appraiser from our panel that is HVCC-compliant. This process takes into account quality, service, turn times, licensure and proper notification of appraisers, as well as compliance to USPAP, HVCC and other industry guidelines.

Second appraisals can be ordered by lenders or eAppraiseIT if the procedures employed are consistent with the HVCC.

Our quality control process includes both electronic and manual appraisal review. This frequently requires additional data and/or explanation from appraisers for clarification or support of their value conclusions. This is consistent with the HVCC.

Section II - Borrower Receipt of Appraisal

The HVCC states that the lender shall ensure the borrower is provided a copy of the appraisal no less than three days prior to the closing of the loan unless the borrower waives the three day requirement. EA will assist the lender in this process.

Section III - Appraiser Engagement

EA is solely responsible for appraiser selection, retention and compensation. Appraiser selection criteria considers the following attributes: appraiser category including staff appraisers as well as several categories of fee appraisers, competency to perform the order, quality, service and turn times, distance from property and current capacity. In addition, EA's compliance with the Code supports appraisal products portability.



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Section III - Appraiser Engagement (continued)

EA's policies and technology track all communications and entries related to the order. This includes all appraiser, lender or internal staff comments. Through this process, our system ensures that only authorized and properly trained internal staff communicates with appraisers.

Section IV - Prevention of Improper Influences on Appraisers

EA is owned by an entity that is engaged by lenders to provide other settlement services. The HVCC specifically permits such a relationship if there is HVCC compliance. EA is fully HVCC-compliant and has implemented written policies and procedures to this effect.

Section V - The Independent Valuation Protection Institute

As mentioned above, EA fully supports the Independent Valuation Protection Institute.

Section VI - Appraisal Quality Control Testing

EA will work with lenders to assist them in procuring appraisal reports and will provide appropriate reporting to ensure lender compliance with the HVCC.

Section VII - Referral of Appraisal Misconduct Report

EA is aware that if any lender has a reasonable basis to believe an appraiser or Appraisal Management Company (AMC) is violating applicable laws, the lender will refer the matter to the appropriate authorities.

Section VIII - Representations and Warranties

EA policies and procedures are in full compliance with the HVCC. Thus lenders can rely on this in their reps and warrants to the GSEs.

Section IX - Scope of Code

EA is aware that nothing in the Code shall be construed to establish new requirements or obligations that:

- ▼ Require a lender to use a particular method for property valuation
- ▼ Affect the acceptable scope of work for an appraiser for a particular assignment
- ▼ Require the lender or third party to take any action prohibited by law

Summary

The HVCC is effective May 1, 2009. eAppraiseIT has carefully analyzed the HVCC and is pleased with the final result. We echo the words of Director Lockhart of the Federal Housing Finance Agency (FHFA), "The Code strikes a balance of assuring enhanced protections for appraisers while maintaining lender ability to address unprofessional appraisal practices and to perform quality controls on appraisals received." eAppraiseIT believes the provisions of the HVCC will help safeguard the appraiser's independence and ultimately enhance the public confidence in the appraisal process.



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