



Nations Valuation Services (NVS) and the Home Valuation Code of Conduct (HVCC)

Dear Valued Client:

This communication is to inform you that NVS has reviewed the final version of the Home Valuation Code of Conduct and is prepared to meet all of the requirements applicable to vendor management companies.

We view the code's standards to be congruent with many of our existing practices including, but not limited to, the managing of licensing, appraiser qualifications and quality of work. We take great pride in the integrity of our products. Our appraisals meet or exceed the guidelines established in USPAP and those of the mortgage agencies. The code, in conjunction with current USPAP guidelines and existing controls within NVS, provides a valuable standard for asset valuations critical to the loan process. NVS is pleased to work with our clients and network of appraisers to insure a smooth transition to this new operating environment.

Utilizing the relationship that you have with NVS enhances your position to be compliant with the new code. One of the key components of the code is to safeguard appraiser independence. The selection process at NVS is independent, objective and impartial. We have established efficient workflows and a keen focus on delivering reliable and consistent products to our clients. Our primary objective is to continue to provide you with the outstanding service and quality you have come to expect from NVS.

We look forward to communicating with you and working with you during the implementation of the HVCC into your company operations.

Aleksandra Smith
Senior Vice President-Nations Valuation Services



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~ Summary ~**

Dear Valued Client:

As you are aware, the newly drafted Home Valuation Code of Conduct (HVCC) is scheduled to take effect on May 1, 2009. The code places multiple appraisal related requirements on lenders who choose to sell loans to Fannie Mae and Freddie Mac. On the NVS website, we have posted our protocol for compliance with the code as well as a copy of the code itself.

As a further benefit to our clients, a summary of the key points of the code is listed below. Our intent is to provide you with a quick reference guide on some of the very important regulations detailed by the HVCC.

◆Lenders must ensure that there is no influence upon the appraiser in the development or value conclusion of the appraisal. Appraiser independence is paramount in the code. There should be separation between the origination process and the appraisal process.

◆Members of the lender's loan origination and production staff are not permitted to select the appraiser. Please see the HVCC for exceptions to this rule.

◆Lenders, or their agent (vendor management company or correspondent lender), must be responsible for the selection and payment of the appraiser. Third party originators are barred from appraiser selection. Real estate agents or mortgage brokers are not permitted to directly engage an appraiser for services.

◆A lender can not utilize an appraiser employed by the lender or an affiliate of the lender unless the appraiser, or affiliate for which the appraiser works, is wholly independent of loan origination and production.

◆Lenders are not to provide an estimate or target value to the appraiser. Additionally, the lender is prohibited from providing the appraiser with an estimated or target loan amount. A copy of the purchase contract may be provided to the appraiser for purchase transactions.

◆The removal of appraisers from approved vendor lists or addition to exclusionary lists requires that a prompt written notice be sent to the appraiser. The notice must include specific and substantive reasons for the action. File retention of such actions is encouraged.

We hope that these brief notes will assist your organization as you prepare your infrastructure for the new operating environment. NVS is committed to providing you with compliant solutions in this ever changing lending environment.