

The Basics

- The HVCC goes into effect for loans with applications dated on or after May 1, 2009.
- The requirements of the HVCC apply to the lender customers of Fannie Mae and Freddie Mac (Agencies). There are no specific responsibilities placed on appraisers by the HVCC.
- The HVCC applies to loans to be sold to the Agencies. It does not apply to FHA or VA loans.
- The HVCC does not require a lender to use an appraisal management company.
- When ordered by an appraisal management company, the lender is to be named as the client.

Appraiser Independence

Lenders (Fannie Mae or Freddie Mac Seller/Service), their agents, and third parties may not influence or attempt to influence the development, reporting, result or review of an appraisal through coercion, extortion, collusion, compensation, inducement, bribery or any other means. They cannot withhold payment or future business, request a specific valuation or promise future business of non-financial benefits to you as the appraiser.

Appraiser Selection

- Lenders must ensure that the appraisal process is completely independent of their loan production.
- Loan production staff, including loan originators, may not select, retain, recommend or influence the selection of appraisers for specific assignments or for inclusion of a lender's list of approved appraisers.
- Employees tasked with selecting appraisers must be appropriately trained and qualified in real estate appraisals. This includes knowledge of USPAP.
- There can be no substantive communications with an appraiser or appraisal management company relating to or having an impact on valuation.

Payment for the Appraisal

- The appraiser may be compensated by the lender, AMC or other lender-authorized third party.
- The appraiser cannot be paid by the mortgage broker.
- The appraiser cannot be paid by the borrower/homeowner or real estate sales agent.

Mortgage Brokers

- Mortgage brokers may not select, retain or compensate appraisers.
- Mortgage brokers may not provide the lender with a list of appraisers to be used

when ordering appraisals for that particular broker.

- Mortgage brokers may initiate the appraisal order directly from an appraisal management company that was specifically authorized by the lender. This means if the lender uses more than one AMC, the lender must tell the mortgage broker which specific AMC to use.
- Mortgage brokers may not order the appraisal from the lender's list of approved appraisers if the lender manages the process internally.

Banks and Credit Unions

- There is no requirement that a lender use an AMC.
- Financial institutions may manage the process internally as long as certain provisions of the HVCC are complied with.
- Lenders may use a pre-approved list to select an appraiser as long as the selections are independent from the loan production staff.
- Lenders may use in-house appraisers as long as they are independent of loan production and meet other requirements of Section IV-B of the HVCC.

Additional Resources

Fannie Mae and Freddie Mac have Web based HVCC training that is geared to lenders and useful for appraisers and others. Both Agencies also have FAQs and other material on their sites.

- [Click here](http://www.freddiemac.com/singlefamily/home_valuation.html) for Freddie Mac
(http://www.freddiemac.com/singlefamily/home_valuation.html)
- [Click here](https://www.efanniemae.com/sf/guides/ssg/relatedsellinginfo/appcode/) for Fannie Mae
(<https://www.efanniemae.com/sf/guides/ssg/relatedsellinginfo/appcode/>)