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NATIONAL ASSOCIATION OF REALTORS®

The Voice For Real Estate®

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July 7, 2009

United States House of Representatives
Washington, DC 20515

Dear Representative:

I am writing on behalf of the 1.2 million members of the National Association of REALTORS® (NAR) to urge you to cosponsor HR 3044, which calls for an 18 month moratorium on the Home Valuation Code of Conduct (HVCC). The National Association of REALTORS® is America's largest trade association, including NAR's five commercial real estate institutes and its societies and councils. REALTORS® are involved in all aspects of the residential and commercial real estate industries and belong to one or more of some 1,400 local associations or boards, and 54 state and territory associations of REALTORS®. NAR has approximately 30,000 appraiser members from across the country and approximately 750 have earned our Residential Accredited Appraiser (RAA) and General Accredited Appraiser (GAA) designations.

NAR supports the independence of appraisers and the integrity of the appraisal process. We applaud Attorney General Cuomo and both GSEs for their efforts to address appraisal fraud in the mortgage industry. While the Code addresses appraisal fraud, we have concerns with the implementation that could be addressed during the proposed moratorium. As you know, on April, 20, 2009, we requested that the Federal Housing Finance Agency (FHFA) and New York State Attorney General implement a moratorium on the HVCC. We previously raised some of our concerns with Fannie Mae and Freddie Mac.

The implementation of the HVCC is causing outcomes that are negatively impacting the real estate industry. Because the HVCC requires mortgage brokers to arrange for appraisals through third party organizations, appraisal management companies (AMCs) now have an increased role in the real estate appraisal process. A preliminary review of NAR survey data indicates that appraisers are not retained by AMCs for their competency and qualifications, but for their turnaround time and price. Our members are reporting delays in closings and canceled sales, which result in artificially low existing home sales. It is also impacting refinances where lenders require appraisals.

Thank you for your time and consideration of this matter.

Sincerely,

Charles McMillan, CIPS, GRI
2009 President, National Association of REALTORS®

Dear Attorney General:

I am writing to request you urge the National Association of Attorneys General (NAAG) to support an 18-month moratorium on the Home Valuation Code of Conduct (HVCC). While the Code addresses appraisal fraud, we have concerns with the implementation that could be addressed during the proposed moratorium.

The HVCC has been in effect for more than two months and it is causing delays in closings and canceled sales, which result in artificially low existing home sales. This may be causing a delay in the economic recovery. The end result will be a cycle of further declines in home prices, which will hamper the economic recovery and lead to a greater number of foreclosures. Problems arising from the implementation of HVCC may reverse positive momentum at a time when the real estate industry is just starting to show signs of a rebound in many markets.

Appraisal management companies (AMCs) now have an increased role in the real estate appraisal process. Some AMCs are giving appraisers assignments in areas where they lack geographic competency. Many state legislatures are in the process of enacting laws to regulate AMCs. In other states, the regulatory agencies are in the process of promulgating rules and procedures. Since AMCs will have a larger role in the real estate transaction, a moratorium will allow states time to finalize their actions.

To date, the Independent Valuation Protection Institute (IVPI) has not been implemented and there has been no indication of when the IVPI will be available. The IVPI was announced as a part of the HVCC. The purpose of the IVPI is to receive complaints from appraisers and users of appraisal services on the improper influence or attempted improper influence of appraisers. A moratorium would give the GSEs more time to implement this critical element of the HVCC.

Thank you for your consideration of this important contact.

Sincerely,

Appraisal Management Company Registration & Regulation Model Act

1. **Title.** This chapter shall be known as the {State} Appraisal Management Company Registration and Regulation Act.
2. **Definitions.** As used in this chapter, the following terms shall have the following meaning:
 - a) “Appraisal” means the act or process of developing an opinion of value of real property in conformance with the Uniform Standards of Professional Appraisal Practice.
 - b) “Appraisal management company” means any corporation, partnership, sole proprietorship, subsidiary, unit, or other business entity that:
 - i. Administers networks of independent contract appraisers to perform residential real estate appraisal services for clients;
 - ii. Receives requests for residential real estate appraisal services from clients and, for a fee paid by the client, enters into an agreement with one or more independent appraisers to perform the residential real estate appraisal services contained in the request; or
 - iii. Otherwise serves as a third-party broker of residential appraisal management services between clients and appraisers.

Annotation: *This section defines what constitutes an appraisal management company. The definition of AMC is limited to firms that request residential appraisal services from independent appraisers (i.e., not “in-house” appraisal firms, offices, or departments). The intent of this section is for the definition of AMC to be function and mission based, rather than what an AMC calls itself.*

- c) “Appraisal management services” means the process of receiving a request for the performance of residential real estate appraisal services from a client, and for a fee paid by the client, entering into an agreement with one or more independent appraisers to perform the real estate appraisal services contained in the request.
- d) “Appraiser” means a person who provides an opinion of the Market Value of real property.
- e) “Appraiser fee schedule” means a list of the various real estate appraisal services requested by an appraisal management company in this state from independent appraisers and the amount that the appraisal management company is willing to pay to an independent appraiser for the performance of each of the listed real estate appraisal services.

- f) "Appraiser panel" means a group of independent appraisers that have been selected by an appraisal management company to perform residential real estate appraisal services for the appraisal management company.
 - g) "Board" (or Commission, Office, Council, etc.) means the {State agency with responsibility for licensing real estate appraisers}.
 - h) "Client" means any person or entity that contracts with, or otherwise enters into an agreement with, an appraisal management company for the performance of residential real estate appraisal services.
 - i) "Controlling person" means
 - i. an owner, officer or director of a corporation, partnership or other business entity seeking to offer appraisal management services in this state; or
 - ii. an individual employed, appointed, or authorized by an appraisal management company that has the authority to enter into a contractual relationship with clients for the performance of appraisal management services and has the authority to enter into agreements with independent appraisers for the performance of residential real estate appraisal services; or
 - iii. an individual who possesses, directly or indirectly, the power to direct or cause the direction of the management or policies of an appraisal management company.
- Annotation:*** A controlling person can be an owner, officer or director, or it can be an employee who has been designated as the controlling person.
- j) "Real estate appraisal services" means the practice of developing an opinion of the value of real property in conformance with the Uniform Standards for Professional Appraisal Practice published by the Appraisal Foundation.

3. **Registration required.**

a) It is unlawful for a person, corporation, partnership, sole proprietorship, subsidiary, unit or any other business entity to directly or indirectly engage or attempt to engage in business as an appraisal management company, to directly or indirectly engage or attempt to perform appraisal management services, or to advertise or hold itself out as engaging in or conducting business as an appraisal management company without first obtaining a registration issued by the Board under the provisions of this chapter, regardless of the entities use of the term "appraisal management company", "mortgage technology company, or any other name.

Annotation: *This section is intended to require the registration of AMCs regardless of what the AMC calls itself. The registration requirements are intended to be function based. This section also clarifies that the AMC must register prior to beginning work as an AMC in the state.*

b) The registration required by subsection (a) of this section shall, at a minimum, include the following information:

- i. name of the entity seeking registration;
- ii. business address of the entity seeking registration;
- iii. phone contact information of the entity seeking registration;
- iv. if the entity is not a corporation that is domiciled in this state, the name and contact information for the company's agent for service of process in this state; and
- v. the name, address, and contact information for any individual or any corporation, partnership, or other business entity that owns 10% or more of the appraisal management company;
- vi. the name, address, and contact information for a controlling person;
- vii. a certification that the entity has a system and process in place to verify that a person being added to the appraiser panel of the appraisal management company holds a license in good standing in this state pursuant to the *{State Real Estate Appraiser Act}* if a license or certification is required to perform appraisals, pursuant to section 14 of this chapter;
- viii. a certification that the entity has a system in place to review the work of all independent appraisers that are performing real estate appraisal services for the appraisal management company on a periodic basis to ensure that the real estate appraisal services are being conducted in accordance with Uniform Standards of Professional Appraisal Practice, pursuant to section 15 of this chapter;
- ix. a certification that the entity maintains a detailed record of each service request that it receives and the independent appraiser that performs the residential real estate appraisal services for the appraisal management company, pursuant to section 16 of this chapter;
- x. An irrevocable Uniform Consent to Service of Process, pursuant to Section 7 of this chapter; and
- xi. any other information required by the Board.

Annotation: *This section is intended to lay out the minimum amount of information that an AMC must provide to the Board in order to obtain a registration.*

4. Exemptions.

- a) This chapter shall not be applicable to:
- i. any corporation, partnership, sole proprietorship, subsidiary, unit, or other business entity that exclusively employs persons on an employer and employee basis for the performance of residential real estate appraisal services in the normal course of its business and the entity is responsible for ensuring that the residential real estate appraisal services being performed by its employees are being performed in accordance with Uniform Standards of Professional Appraisal Practice;

Annotation: *This section is intended to exempt from the registration requirements entities that employ appraisers, rather than contract with them as independent contractors. This would include lending institutions that have "in-house" appraisal offices, business units, or departments.*

- ii. Any individual, corporation, partnership, sole proprietorship, subsidiary, unit, or other business entity who in the normal course of business enters into an agreement, whether written or otherwise, with another independent contractor appraiser for the performance of residential real estate appraisal services that the hiring or contracting appraiser cannot complete for any reason, including but not limited to competency, work load, schedule, or geographic location;

Annotation: *The intent of this section is to exclude from the definition of an AMC an independent appraiser who contracts with another independent appraiser for the performance of individual appraisals on a sporadic basis.*

- iii. Any individual, corporation, partnership, sole proprietorship, subsidiary, unit, or other business entity who in the normal course of business enters into an agreement, whether written or otherwise, with an independent contractor appraiser for the performance of residential real estate appraisal services and upon the completion of the appraisal, the report of the appraiser performing the residential real estate appraisal services is co-signed by the appraiser who subcontracted with the independent appraiser for the performance of the residential real estate appraisal services.

Annotation: *The intent of this section is to exclude from the definition of an AMC an independent appraiser who contracts*

with another independent appraiser for the performance of individual appraisals and the hiring appraiser co-signs the appraisal report at the completion of the appraisal assignment.

- iv. Appraisal management companies that contract with independent appraisers for the performance of less than ten (10) appraisals in this state in a calendar year.

Annotation: *This section excludes from the registration requirement any AMC that obtains fewer than 10 appraisals on real property in the state during a calendar year. It could become cumbersome for an AMC to register in each state when they may only obtain two to three real property appraisals in that state in any calendar year. Further, the costs of becoming registered could outweigh the economic benefits of obtaining fewer than ten appraisals in a calendar year.*

5. **Forms.** An applicant for a registration as an appraisal management company in this State shall submit to the Board an application on a form prescribed by the Board.

Annotation: *This section gives the Board broad authority to develop the forms that are necessary to implement a registration program.*

6. **Expiration of license.** A registration granted by the Board pursuant to this chapter shall be valid for one-year from the date on which it is issued.

7. **Consent to Service of Process.** Each entity applying for a registration as an appraisal management company in this state shall complete an irrevocable “Uniform Consent to Service of Process” as prescribed by the Board.

Annotation: *This section is very important. It requires AMCs that are operating in the state to give their consent to service of process in the state, even though they may be located outside of the state. There have been situations where an entity has avoided service of process on the grounds that they are located outside of the state. This section would require an AMC to consent to process and to designate an agent for service of process or consent to the Board receiving its service of process and forwarding it via mail to the AMC.*

8. **Fee.** The Board shall establish by regulation the fee to be paid by each appraisal management company seeking registration under this chapter, such that the sum of the fees paid by all appraisal management companies seeking registration under this chapter shall be sufficient for the administration of this chapter, but in no case shall the fee be more than five hundred dollars.

Annotation: *The fee for registration as an AMC should be such that the sum of the fees collected is sufficient to administer the AMC registration program, but does not result in a surplus.*

9. **Owner Requirements.** (a) An appraisal management company applying for a registration in this state may not be more than 10% owned by any person who has had a license or certificate to act as an appraiser refused, denied, canceled, or revoked in this state or in any other state.

b) Each person that owns more than 10% of an appraisal management company in this state shall:

- i. be of good moral character, as determined by the Board;
- ii. submit to a background investigation, as determined by the Board; and
- iii. certify to the Board that the person has never had a license to act as an appraiser refused, denied, cancelled, or revoked in this state or in any other state.

Annotation: *The purpose of this section is to ensure that an appraiser who has been sanctioned a state Board cannot turn around and open an AMC.*

10. **Controlling Person.** Each appraisal management company applying to the Board for a registration in this state shall designate one controlling person that will be the main contact for all communication between the Board and the appraisal management company.

Annotation: *The intent of this section is for the Board to have a single point of contact at each AMC that is registering with the Board.*

11. **Controlling Person; Requirements.** In order to serve as a controlling person of an appraisal management company, a person must:

- a. Certify to the Board that the person has never had a certificate or a license issued by the Board of this state, or the Board of any other state, to act as an appraiser refused, denied, canceled, or revoked;
- b. Be of good moral character, as determined by the Board; and
- c. Submit to a background investigation, as determined by the Board.

Annotation: *This section is similar to Section 7 and requires that a controlling person have never been sanctioned severely by the Board. This section also gives the Board broad latitude to determine the requirements for a person to be a controlling person of an AMC.*

12. **Employee Requirements.** (a) Any employee of the appraisal management company, or any person working on behalf of the appraisal management company, that has the responsibility of selecting independent appraisers for the performance of residential real estate appraisal services for the appraisal management company or to review completed appraisals must be appropriately trained and qualified in the performance of residential real estate appraisals as determined by the Board by regulations.

Annotation: *This section is intended to require that employees that are responsible for taking in appraisal requests from clients and assigning them to independent appraisers are at least somewhat familiar with the appraisal process, appraiser requirements, and appraisal standards. .*

- b) Any employee of the appraisal management company that has the responsibility to review the work of independent appraisers must have demonstrated knowledge of the Uniform Standards of Professional Appraisal Practice, as determined by the Board by regulation.
13. **Limitations.** An appraisal management company registered in this state pursuant to this chapter may not enter into contracts or agreements with an independent appraiser for the performance of residential real estate appraisal services unless that person is licensed or certified in good standing pursuant to the {*State Real Estate Appraiser Act*}.

Annotation: *This section requires that AMCs only utilize licensed or certified appraisers.*

14. **Pre-Engagement Certification.** Each appraisal management company seeking to be registered in this state shall certify to the Board on an annual basis on a form prescribed by the Board that the appraisal management company has a system and process in place to verify that a person being added to the appraiser panel of the appraisal management company holds a license in good standing in this state pursuant to the {*State Real Estate Appraiser Act*}. {NOTE: This section may be omitted if licensing or certification of appraisers is not mandatory in the state.}

Annotation: *This section requires that an AMC certify to the Board that it actually verifies that each of the independent appraisers on its appraiser panel has a current license or certification in the state if a license or certification is required to act as an appraiser.*

15. **Adherence to Standards.** Each appraisal management company seeking to be registered in this state shall certify to the Board on an annual basis that it has a system in place to review the work of all independent appraisers that are performing real estate appraisal services for the appraisal management company on a periodic basis to ensure that the real estate appraisal services are being

conducted in accordance with Uniform Standards of Professional Appraisal Practice.

Annotation: *This section requires that AMCs certify to the Board that the AMC has a process in place to review the appraisals that it receives from independent appraisers to ensure that they are in compliance with USPAP.*

16. **Recordkeeping.** Each appraisal management company seeking to be registered in this state shall certify to the Board on an annual basis that it maintains a detailed record of each service request that it receives and the independent appraiser that performs the residential real estate appraisal services for the appraisal management company.

Annotation: *This section is intended to establish a paper trail for the Board to follow if it becomes necessary for the Board to investigate an AMC for a violation of this chapter, USPAP, or any regulation of the Board.*

17. **Appraiser fee schedule.**

- a) An appraisal management company that applies for registration in this state shall disclose to the Board as part of the registration process if it has developed or utilizes any appraiser fee schedule.
- b) An appraisal management company that applies for registration in this state and which utilizes any appraiser fee schedule shall develop the appraiser fee schedule(s) through one or more surveys of the market rates being paid to independent fee appraisers in this state for the performance of real estate appraisal services.
- c) The surveys performed pursuant to subsections (b) of this section shall be performed utilizing statistically valid methodologies, techniques, and reliable data sources including representative samples of independent fee appraisers.
- d) The Board may in its discretion review any appraiser fee schedule developed by an appraisal management company registered in this state to ensure that the fee schedule was developed pursuant to the requirements of subsection (b), and subsection (c) of this section.
- e) Upon a formal request of the Board, an appraisal management company that utilizes any appraiser fee schedule shall disclose to the Board the methodologies, techniques, and data sources that were utilized to determine the amounts listed on the schedules.

- f) Following a review of any fee schedule conducted pursuant to subsection (d) and subsection (e) of this section, the Board shall make the substantive results of the review available to the public.

18. Appraiser independence; prohibitions.

- a) It shall be unlawful for any employee, director, officer, or agent of an appraisal management company registered in this state pursuant to this chapter to influence or attempt to influence the development, reporting, or review of an appraisal through coercion, extortion, collusion, compensation, instruction, inducement, intimidation, bribery or in any other manner, including but not limited to:
 - i. withholding or threatening to withhold timely payment for an appraisal;
 - ii. withholding or threatening to withhold future business for an independent appraiser, or demoting or terminating or threatening to demote or terminate an independent appraiser;
 - iii. expressly or impliedly promising future business, promotions, or increased compensation for an independent appraiser;
 - iv. conditioning the request for an appraisal service or the payment of an appraisal fee or salary or bonus on the opinion, conclusion, or valuation to be reached, or on a preliminary estimate or opinion requested from an independent appraiser;
 - v. requesting that an independent appraiser provide an estimated, predetermined, or desired valuation in an appraisal report, or provide estimated values or comparable sales at any time prior to the independent appraiser's completion of an appraisal service;
 - vi. providing to an independent appraiser an anticipated, estimated, encouraged, or desired value for a subject property or a proposed or target amount to be loaned to the borrower, except that a copy of the sales contract for purchase transactions may be provided;
 - vii. providing to an independent appraiser, or any entity or person related to the appraiser, stock or other financial or non-financial benefits;
 - viii. allowing the removal of an independent appraiser from an appraiser panel, without prior written notice to such appraiser;
 - ix. obtaining, using, or paying for a second or subsequent appraisal or ordering an automated valuation model in connection with a mortgage financing transaction unless

- there is a reasonable basis to believe that the initial appraisal was flawed or tainted and such basis is clearly and appropriately noted in the loan file, or unless such appraisal or automated valuation model is done pursuant to a bona fide pre- or post-funding appraisal review or quality control process; or
- x. any other act or practice that impairs or attempts to impair an appraiser's independence, objectivity, or impartiality.
- b) Nothing in subsection (a) of this section shall be construed as prohibiting the appraisal management company from requesting that an independent appraiser
- i. Provide additional information about the basis for a valuation; or
 - ii. Correct objective factual errors in an appraisal report.

Annotation: *This section codifies many of the requirements contained in the HVCC regarding appraiser independence. Importantly, this section defines withholding payment, or refusing to place additional assignments with an appraiser, as a form of coercion that is prohibited.*

19. **Guaranty of Payment.** Each appraisal management company operating in this state shall, except in cases of breach of contract or substandard performance of services, make payment to an independent appraiser for the completion of an appraisal or valuation assignment within sixty (60) days of the date on which the independent appraiser transmits or otherwise provides the completed appraisal or valuation study to the appraisal management company or its assignee.

Annotation: *There is anecdotal evidence that one of the biggest problems with AMCs is their payment policies to independent appraisers. This section would require that an AMC must pay an independent appraiser within 60-days of the submittal of a completed appraisal assignment.*

20. **Alteration of appraisal reports.** An appraisal management company may not alter, modify, or otherwise change a completed appraisal report submitted by an independent appraiser.

Annotation: *Once an independent appraiser submits a completed appraisal report to an AMC, the AMC may not change or alter the appraisal report.*

21. **Adjudication of Disputes between an Appraisal Management Company and an Independent Appraiser.** (a) Except within the first thirty (30) days after an independent appraiser is first added to the appraiser panel of an appraisal

management company, an appraisal management company may not remove an appraiser from its appraiser panel, or otherwise refuse to assign requests for real estate appraisal services to an independent appraiser without:

- i. Notifying the appraiser in writing of the reasons why the appraiser is being removed from the appraiser panel of the appraisal management company; and
- ii. If the appraiser is being removed from the panel for illegal conduct, violation of the Uniform Standards of Professional Appraisal Practice (USPAP), or a violation of state licensing standards, the nature of the alleged conduct or violation;
- iii. Providing an opportunity for the appraiser to respond to the notification of the appraisal management company.

Annotation: *The intent of this section is to ensure that appraisers are aware that they are being terminated from the appraiser panel of a specific AMC, and the reasons for the termination. Nothing in this section is intended to restrict the ability of an AMC to add and removed appraisers from their panel as they see fit for standard business reasons. However, the appraiser must be aware of the termination, the reasons for the termination, and must have an opportunity to respond.*

- b) An appraiser that is removed from the appraiser panel of an appraisal management company for alleged illegal conduct, violation of the Uniform Standards of Professional Appraisal Practice (USPAP), or violation of state licensing standards, may file a complaint with the {Board} for a review of the decision of the appraisal management company, except that in no case shall the Board make any determination regarding the nature of the business relationship between the appraiser and the appraisal management company which is unrelated to the actions specified in subsection (a) of this section.

Annotation: *If an appraiser is removed from an appraiser panel as part of anything other than a normal business decision (such as illegal conduct, a violation of USPAP, or a violation of state licensing standards), the appraiser may file a complaint with the Board for a review of the decision. This process is not intended to interfere with the normal business operations of an AMC. However, if an AMC is alleging that an appraiser committed a violation, and the appraiser disputes the allegation, then the appraiser should have the right for an independent review of the decision.*

- c) If an appraiser files a complaint against an appraisal management company pursuant to subsection (b) of this section, the Board shall adjudicate the complaint within 180-days.

- d) If after opportunity for hearing and review, the Board determines that an appraiser did not commit a violation of law, a violation of the Uniform Standards of Professional Appraisal Practice (USPAP), or a violation of state licensing standards, the Board shall order that an appraiser be added to the appraiser panel of the appraisal management company that was the subject of the complaint without prejudice.
- e) Following the adjudication of a complaint to the Board by an appraiser against an appraisal management company, an appraisal management company may not refuse to make assignments for real estate appraisal services to an appraiser, or reduce the number of assignments, or otherwise penalize the appraiser, if the Board has found that the appraisal management company acted improperly in removing the appraiser from the appraiser panel.

Annotation: *Sections c, d, and e are intended to clarify that if an appraiser is accused of a violation of law or USPAP by an AMC, and the Board finds that the claim of the AMC is unsubstantiated, the AMC must restore the appraiser to the appraiser panel.*

22. **Enforcement.** (a) The Board may censure an appraisal management company, conditionally or unconditionally suspend or revoke any registration issued under this Act, levy fines or impose civil penalties not to exceed twenty five thousand dollars, if in the opinion of the board, an appraisal management company is attempting to perform, has performed, or has attempted to perform any of the following acts:
- i. Committing any act in violation of this chapter;
 - ii. Violating any rule or regulation adopted by the board in the interest of the public and consistent with the provisions of this chapter;
 - iii. Procuring a license for himself or anyone else by fraud, misrepresentation, or deceit

Annotation: *Section 22 provides the Board with the authority that it needs to enforce the provisions of the registration law and the other provisions contained in this chapter.*

23. **Disciplinary hearings.** (a) The conduct of adjudicatory proceedings in accordance with the Administrative Procedure Act for violations of this chapter is vested in the Board, such that:
- i. Before censuring any registrant, or suspending or revoking any registration, the board shall notify the registrant in writing of any charges made at least twenty days prior to the date set for the hearing and shall afford the registrant an opportunity to be heard in person or by counsel.

- ii. The written notice shall be satisfied by personal service on the controlling person of the registrant, or the registrant's agent for service of process in this state, or by sending the notice by certified mail, return receipt requested to the controlling person of the registrant to the registrant's address on file with the board.
- iii. The hearing on the charges shall be at a time and place prescribed by the board and in accordance with the Administrative Procedure Act.
- iv. The Board may make findings of fact and shall deliver or mail such findings to the registrant charged with an offense under this Act.

Annotation: *Section 23 outlines a registrants due process rights.*

24. **Rulemaking authority.** The Board may adopt rules not inconsistent with the provisions of this chapter which may be reasonably necessary to implement, administer, and enforce the provisions of this chapter.

Annotation: *Section 24 gives the Board authority to promulgate rules to implement the provisions of this chapter.*

Date:

Dear Commissioner _____:

I am writing to urge you to call on the House Financial Services Committee Chair, Barney Frank, to hold hearings on the Home Valuation Code of Conduct and its impact on the real estate industry. While the Code addresses appraisal fraud, we have concerns with the implementation that could be addressed during the proposed moratorium.

The HVCC has been in effect for more than two months and it is causing delays in closings and canceled sales, which result in artificially low existing home sales. A recent survey by the National Association of REALTORS found that 76 percent of respondents report a delay in closings and more than 35 percent have lost at least one closing since May 1, 2009. All of this may be causing a delay in the economic recovery. The end result will be a cycle of further declines in home prices, which will hamper the economic recovery and lead to a greater number of foreclosures. Problems arising from the implementation of HVCC may reverse positive momentum at a time when the real estate industry is just starting to show signs of a rebound in many markets.

Appraisal management companies (AMCs) now have an increased role in the real estate appraisal process. Some AMCs are giving appraisers assignments in areas where they lack geographic competency. While recent clarifications have been issued on geographic competency, some appraisers may still be inclined, for various reasons, to take on these assignments. Many state legislatures are in the process of enacting laws to regulate AMCs. In other states, the regulatory agencies are in the process of promulgating rules and procedures. Since AMCs will have a larger role in the real estate transaction, a moratorium will allow states time to finalize their actions.

To date, the Independent Valuation Protection Institute (IVPI) has not been implemented and there has been no indication of when the IVPI will be available. The IVPI was announced as a part of the HVCC. The purpose of the IVPI is to receive complaints from appraisers and users of appraisal services on the improper influence or attempted improper influence of appraisers. A moratorium would give the government sponsored enterprises, Fannie Mae and Freddie Mac, more time to implement this critical element of the HVCC.

Thank you for your consideration of this important contact.

Sincerely,