

How ValuNet xsp Complies With Appraiser Selection Rules

For more than 20 years, federally regulated banks, thrifts and credit unions have been required to take steps to prevent loan officers from influencing the appraisal process. In 2008, the New York Attorney General, both GSEs and OFHEO announced new rules for lenders that intend to sell their loans to the agencies.

Federal Requirements

- An institution's program should establish criteria to select, evaluate and monitor the performance of the person who performs a real estate appraisal.
- The institution's selection process is non-preferential and unbiased.
- The individual selected possesses the requisite education, expertise and competence to complete the assignment.
- The individual selected is capable of rendering an unbiased opinion.
- The individual selected is independent and has no direct or indirect interest, financial or otherwise in the property or the transaction.
- Because the appraisal and evaluation process is an integral component of the credit underwriting process, it should be isolated from influence by the institution's loan production process.

The interagency memo of 2005 from The Office of the Comptroller of the Currency (OCC), the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation (FDIC), and the Office of Thrift Supervision (OTS)

GSE Requirements

- Mortgage Brokers will be prohibited from selecting appraisers.
- Lenders will be prohibited from using "in-house" staff appraisers to conduct initial appraisals.
- Lenders will be prohibited from using captive appraisal management companies.

Home Valuation Code of Conduct from New York Office of the Attorney General, OFHEO, Fannie Mae and Freddie Mac

Clients using ValuNet xsp, as designed, can demonstrate compliance with these rules and the new code because

ValuNet xsp:

- Automatically selects appraisers for each assignment, based on their licensing, skill levels, location, price, workload, past performance and quality ratings.
- Prevents loan officers from selecting or contacting appraisers.
- Prevents loan officers from reviewing, working and communicating with appraisers.

While loan officers and processors can use ValuNet xsp to order appraisals, AVMs and other valuation products, as well as a complete suite of title and settlement services and products, they cannot specify who gets the order. Selection is done by multilevel algorithm. Any questions about appraisals are routed through ValuNet xsp to appropriate personnel.

**For further information,
contact Shawn Murphy at
440.539.0967**

