



HVCC Increases Costs for Consumers and Results in Poor Quality Appraisals

Cosponsor H.R. 3044 to **Stop the HVCC**

As of May 1, 2009, the housing GSEs (Fannie Mae and Freddie Mac) no longer purchase loans from lenders “accepting appraisal reports completed by an appraiser selected, retained, or compensated in any manner by any third party.” Lenders may only accept appraisal reports from a pre-approved list of appraisers or unregulated Appraisal Management Companies. This new requirement, called the Home Valuation Code of Conduct (HVCC), is bad for consumers and must be stopped.

While the intent to curb fraudulent appraisals is laudable, the HVCC negatively affects consumers by increasing the costs of home appraisals, reducing consumer choice, and adversely impacting a homebuyer’s ability to obtain a reliable and quality home appraisal. Now that the HVCC has been implemented, there are numerous examples of higher costs for appraisals, poor service, the inability to use one appraisal for more than one lender, the poor quality of appraisals, and the inability to make corrections to inaccurate information on an appraisal report.

HVCC Results in Poor Quality Appraisals and Increases Costs for Consumers

It is important to ensure that home appraisals are high-quality and accurate. However, rules to prohibit improper influence on appraisers and ensure appraisal independence should not unintentionally increase the cost of obtaining a mortgage loan for consumers. The HVCC results in poor quality appraisals and it increases costs for consumers.

- Unlicensed and inexperienced individuals are performing property inspections on behalf of Appraisal Management Companies (AMCs) and this is evidenced in the poor quality of the appraisal reports.
- AMCs are taking up to 40 percent of the total appraisal fee and are not being regulated to ensure that their appraisers are licensed and competent.
- Mortgage loans are being denied due to inaccurate appraisals following implementation of HVCC. As a result, borrowers are being forced to apply with other lenders who in turn have to charge the consumer an another appraisal fee to proceed with the transaction. This costs consumers a great deal of money and time.
- The HVCC has increased the time to fund loans for consumers which necessitates longer rate locks or extensions of existing locks.

HVCC Is Not An Effective Way to Prohibit Inflated Appraisals

The HVCC has resulted in increased costs and low-quality, unreliable home appraisals.

There is no indication that the HVCC has actually worked to prohibit improper influence on appraisers and ensure appraisal independence.

**Please cosponsor H.R. 3044
to impose an 18-month moratorium on the HVCC, which has had a
detrimental impact on consumers and the housing market.**