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## **No Independent Valuation Protection Institute for you!**

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HVCC required Fannie and Freddie to create and fund an entity, the Independent Valuation Protection Institute to combat unacceptable appraisal practices and code violations and could have proposed amendments to HVCC. Over five years, Fannie and Freddie were to provide \$24 million in funding.

The Federal Housing Finance Agency recently indicated that the GSEs will not fund this agency given the magnitude of their mortgage losses. The proposed solution is for the entities to create a standardized complaint form, a way to submit Internet complaints, and to refer cases of impropriety to regulators.

Both the Appraisal Institute (AI) and the Realtors (NAR) are both disappointed that "a fully funded" valuation institute won't be created. AI stated the entities should "do more than simply make referrals." NAR said setting up a complaint process is "a good beginning" but falls short.

We too should be disappointed. An HVCC bright spot was creating the institute to handle HVCC related complains. This component was an absolute necessity to maintain the accountability of parties to the HVCC. Referring complaints to overworked and understaffed state regulatory agencies is not a solution at all.

What kind of math indicates that it "doesn't make sense" to fund given the small investment (millions over years) versus the billions lost? At stake is nothing less than residential appraiser's survival and ability to provide competent, independent, unbiased appraisals without undue pressure. However, this may ultimately be at odds with the goal having a docile, captive home appraisal industry.

By not funding the Institute, the ability to propose HVCC changes is hurt. And changes are necessary given the results to date. Appraisers report the lowest common denominator - quickest turnaround, lowest price- seems to dominate. Appraisal users don't appear to be pleased with appraisal quality.

Experienced appraisers are beyond frustration at this point. Most feel that the code has pushed them to brink.

If the entities can't or won't fund the Institute, can the appraisal industry step forward and do it? Many professional appraisal groups, marginalized in the HVCC process, could play a role in creating this necessary next evolutionary step.

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