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## **MBREA: Two big news stories in one week**

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A lot of things have happened since January. The economy is still at the forefront of attention in the news media. Today I heard a reporter from ABC state that this was the worst economy in 45 years. While I agree that the stock market is fluctuating and the subprime mortgage industry is still in turmoil, I wonder where these reporters are getting their facts. I also wonder what impact these stories will have in the real estate market. While sales and refinances are slow, there is still activity in the market.

On March 3rd, the N.Y. state attorney general, Andrew Cuomo, entered into an agreement with Fannie Mae and Freddie Mac concerning appraiser independence. Their press release states that the GSE's and Cuomo have agreed that the GSE's will establish a "Home Value Protection Program and a New Home Valuation Protection Code," which will affect the way that appraisers are selected, solicited, and compensated; as well as set up a venue for resolving conflicts of interest. Mortgage brokers will be prohibited from selecting appraisers and lenders will not be allowed to use in-house staff appraisers or appraisal companies that they have a financial interest in. The GSE's have stated that they will not purchase any loans where the appraisal was ordered by a mortgage broker, or real estate agent.

The home valuation code of conduct has eleven different sections. Each section discusses areas that require a lender to certify that they have met these various guidelines. I don't know what this means yet for the appraisal profession. There is a lot of information to analyze and from what I have read it seems that some of the provisions replicate USPAP. Section 1 says, "no employee, director, officer, or agent of the lender, or any other third party acting as joint venture partner, independent contractor, appraisal management company, or partner on behalf of the lender, shall influence or attempt to influence the development, reporting, results, or review of an appraisal through coercion, extortion, collusion, compensation, instruction, inducement, intimidation, bribery, or in any other manner including but not limited to..."; it then goes on to spell out these areas in ten numbered subsections. There are quite a few prohibitions that appraisers have talked about for years; withholding fees, asking for comp checks, removing appraisers from a qualified appraisal panel without notification to name a few. MBREA members can access the complete "home value protection program", and the "home value code of conduct" online on the MBREA web site.

At first glance it seems long overdue. The MBREA is in the process of preparing comments that will address areas that we think may be problematic to good appraisal practice. The MBREA will keep our members informed as these events unravel through our online newsletter.

Two days later, the FHA significantly increased its mortgage maximum loan limits for one to four family properties. This is also long overdue as the mortgage maximums did not keep up with the real estate market. I think many home owners who have adjustable rate mortgages will be looking at the

FHA fixed rate mortgage programs now.

So we have two big news stories in one week, both which I believe will be good for our profession and for homebuyers. The MBREA will stay on top of these stories and report back to its membership what it believes will be the short and long term effects on the appraisal profession. If you're not a member, now is a great time to join. This profession is not stagnant, it is dynamic, and you need to be on top of events that will change the way you conduct business. The MBREA will give you that edge.

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