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The HVCC and IVPI: Could be a good thing but not this way

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Now is the time for all good real estate appraisers and financial lenders to come to the aid of their profession. Our government, in its infinite wisdom, is in the process of attempting to address the issue of "appraisal coercion" and "independence." In a nutshell, anyone involved with a governmental or quasi governmental organization (read: bank, secondary mortgage market) will not be allowed to influence the real estate appraiser in any way in the development of a market value appraisal. A Home Valuation Code of Conduct (HVCC) is in the process of being developed to guide those involved with the appraisal process. The HVCC would be the standard for conduct to be followed by the parties involved in the process. The HVCC would be complemented and overseen by an organization called the Independent Valuation Protection Institute (IVPI), to be funded jointly by Fannie Mae and Freddie Mac.

All in all, this is not a bad idea. Appraisers have been clamoring for years for some sort of relief (rightly or wrongly) from inappropriate influence on valuation; but as is often the case, when government becomes involved in the determining what is in the public's best interest things, can go awry. For whatever reason I don't know: bureaucracy? Poor leadership? unfamiliarity with the quandary? special interests? Whatever, but often when the government is involved, the train can come off the track.

Those of us far down the political process don't really know what is happening until it is too late to have any input into the process. Sometimes we hear what is going on in a particular process from a variety of sources. Often the information is incorrect or the information is yet to be changed unbeknownst to us. The process of creating a code of conduct seems to have its heart in the right place. After all, who would not want honest, unbiased appraisals? Isn't that the very basic item that appraisers are expected to do? It should be without question that the appraisers job is to provide to the client an honest, unbiased value based due diligence.

My point here is that what is currently happening to create these two entities can have a profound effect on the appraisal and lending profession. Now is the time for those of us far down the political process chain to put become informed about what is going on before it's too late to make changes? Read and study and find out all you can about the HVCC and IVPI because you may not like what you learn. Then your next decision is whether to become involved in the process to attempt to remedy what you don't agree with, or do nothing and complain when the course of action is complete. The Home Valuation Code of Conduct and Independent Valuation Protection Institute is a good thing and it is needed but not the way that it is presently being developed. Get involved! It affects your business!

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