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Appraisal Management Companies and HVCC

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There is still a good deal of concern about the Home Valuation Code of Conduct (HVCC). The main concern is the requirement that the ordering of appraisals be separated from those originating loans. This has resulted in a number of new Appraisal Management Companies (AMC). They range from very good to poor. This has disrupted business relationships and placed physiological pressure on appraisers.

One fear is that if the AMC does not like the value they will refuse to pay and or not use the appraiser again. This should not be a concern to appraisers. The code prohibits the lender from "withholding or threatening to withhold timely payment or partial payment for an appraisal report" and from "withholding or threatening to withhold future business for an appraiser, or demoting or terminating or threatening to demote or terminate an appraiser."

The AMC is the agent of the lender and therefore the lender is violating the HVCC. Appraisers should not fight with an AMC. They should contact the lender and let them know they are in violation of the Code. If we are not satisfied with the lenders response we can file a complaint against the lender with the appropriate supervisory agencies. If legislation passes there will be strict regulation of AMC's. Until then it is important to focus on the lenders violations. Individual complaints may come to nothing but a number of complaints from different appraisers will have results. The code sets requirements for lenders and provides protection for appraisers. It is our responsibility to use that protection. If we are afraid to file complaints for violations of the HVCC the Code will never be enforced and our worst fears will occur.

Another issue is the requested turn around time. Many appraisers feel that the requested turn time forces them into preparing appraisals that may not be creditable. They claim that they can not complete creditable appraisal in the request turn time. This is not a lender violation of the HVCC.

A potential client can make any request about how quickly they want the completed report returned to them. The decision to accept the assignment is the appraisers. Any accepted assignment must comply with the Uniform Standards for Professional Appraisal Practice (USPAP). If this is not possible the assignment must be declined.

We all have a good idea of many hours it takes to properly appraise a given type of property. The time required will vary depending on the type of property, the location, condition, and other assignment conditions. A major time consideration is always the availability of comparables. Most turnaround requests allow enough time.

If we started immediately and worked on the assignment until it was completed there is seldom a problem. Unfortunately we accept multiple assignments. Thus a quick turnaround request may not be possible. This is a business issue and not a valuation issue. If we are not careful it is a decision that might result in our not adequately evaluating the requested turnaround time and the credibility of our report could suffer.

Most of the requests from good AMC's point out that they are more concerned with quality than quantity. They are saying that if the appraiser can not complete a credible report in the time requested they should decline the assignment. Do not accept more work than can competently be completed in the requested time. USPAP requires that each appraisal be creditable. A client has a reasonable expectation an appraiser would not accept an assignment that could not be completed in compliance with USPAP. Remember appraisers comply with USPAP not AMCs.

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