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Appraisal Institute applauds Freddie Mac's revised guidelines

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The Appraisal Institute recently applauded Freddie Mac's newly revised guidelines for mortgage lenders emphasizing the use of qualified and experienced real estate appraisers.

Revisions to Freddie Mac's guidelines instruct lenders that criteria for hiring appraisers should include one's affiliation: "Sellers should consider membership in a professional appraisal organization as a qualification criterion," such as membership in the Appraisal Institute. Freddie Mac and Fannie Mae, America's biggest buyers of home mortgages, are consistent in requiring the use of qualified professional appraisers.

"In this turbulent real estate market, it's more important than ever that mortgage lenders rely on qualified appraisers with the education and experience necessary to perform the complex appraisals needed today," said Jim Amorin, MAI, SRA, president of the Appraisal Institute.

"We applaud Freddie Mac for addressing this important requirement that will have a positive effect on millions of home buyers and sellers," Amorin said. "The recognition of the professionally designated appraiser has been a missing component in mortgage reform. These new guidelines are the right long-term solution for consumers and appraisers and will instill confidence in the safety and soundness of the mortgage lending process."

Freddie Mac's revised regulations are similar to those already employed by Fannie Mae, which says that among the qualifications that lenders should review are "the appraiser's education, the appraiser's experience (and) professional affiliations."

"Professional appraisal designations can be helpful in evaluating an appraiser's qualifications, particularly when the designation is from a nationally recognized organization that has formal experience, education, and ethics requirements that are strongly administered," Fannie Mae's guidelines say.

The Appraisal Institute's designations have long been recognized by courts of law, government agencies, financial institutions and investors as marks of excellence in the field of real estate valuation and analysis.

"To help ensure they get the most accurate appraisal possible - and to prevent problems from occurring later - it's important that lenders use only the highest caliber of appraisers. It's a good investment, and it's simply good business," said Bill Garber, the Appraisal Institute's director of government and external relations. "Members of the Appraisal Institute holding the MAI, SPRA or SRA designation have met extensive experience and education requirements and must comply with a strict Code of Professional Ethics and Standards of Professional Appraisal Practice."

H.R. 1728, which the U.S. House of Representatives passed in May and which awaits action in the Senate Banking, Housing and Urban Affairs Committee, also includes language similar to Freddie Mac's newly revised guidelines.

"The Appraisal Institute strongly supports H.R. 1728," Garber said.

