



DEMYSTIFYING THE HVCC: Q & A WITH THE EXPERTS

Welcome!
Thank You For Joining Us



Presenters Professional Profiles

- **ALAN HUMMEL, SRA—SVP/CHIEF APPRAISER, FORSYTHE APPRAISALS**

Alan Hummel, SRA, is senior vice president and chief appraiser for Forsythe Appraisals, the largest independent appraisal company in the United States with 35 branch offices located nationwide. For over 25 years, Alan has served as a primary industry resource and consultant in the field of mortgage lending, litigation support and regulatory compliance activities. He has served as the National President of the Appraisal Institute and as a member of their Executive Committee and Board of Directors. Alan has also testified before the U.S. Senate and the U.S. House of Representatives on mortgage fraud and appraisal issues. He is an approved instructor for the Appraisal Institute as well as an Appraisal Qualifications Board-certified USPAP instructor. He is a published curriculum author and a frequent speaker and presenter of appraisal techniques

- **Bank TONY PISTILLI - CHIEF RETAIL APPRAISER AND VICE-PRESIDENT OF CONSUMER BANKING RISK MANAGEMENT, US BANK**

For over 20 years, Tony Pistilli has been involved in the real estate appraising and lending industries. Currently Tony is Chief Retail Appraiser and Vice-President of Consumer Banking of Risk Management at US Bank, the 6th largest financial holding company in the United States. Prior to joining US Bank, Tony was President of Park Appraisal Service and has worked at several mortgage companies as well as the Department of Housing and Urban Development. Tony serves on the boards of several non-profit organizations and is vice-chair of the Minnesota Real Estate Appraiser Advisory Board and a member of the American Banking Association's Appraisal Subcommittee. He was also appointed in 2003 by Minnesota Governor Tim Pawlenty to serve on the Metropolitan Council, which is a regional planning agency for the Twin Cities Metropolitan area..



Presenters Professional Profiles

- **SARAY GARNETT-HOCHULI, GENERAL MANAGER, VALOCITY**

Saray Garnett-Hochuli is the general manager for Valocity, an independent nationwide valuations provider serving all 50 states. Prior to joining Valocity in December of 2008, Saray held the position of Branch Manager for Forsythe Appraisals' Boston branch office for over 8 years. In addition to her management and operations expertise, Saray is also a certified appraiser with more than 16 years of field and review appraisal experience. She is an affiliate member of the Appraisal Institute, a participant in the MBA Diversity Task Force, and holds a BS Degree from the University of Minnesota in Housing, with a minor in Community Development and Policy.

- **TIMOTHY SWIERCZEK, MMS, CRMS, PRESIDENT OF CREATIVE MORTGAGE PARTNERS, LLC**

Tim Swierczek, MMS, CRMS, owns and operates Creative Mortgage Partners, LLC, a Twin Cities-based mortgage and financial services company. A business-development and origination expert, Swierczek has served the mortgage industry for over seven years. Mr. Swierczek has earned the MMA's Minnesota Mortgage Specialist designation as well as the National Association of Mortgage Brokers' (NAMB) Certified Residential Mortgage Specialist designation. He has served on the board of directors of the Minnesota Mortgage Association (MMA) since 2007 and is currently the President-Elect. Prior to his work in the mortgage industry, Swierczek was a top-ranked sales consultant for Countryside Volkswagen, earning the prestigious international Top 50 Salesperson Award from Volkswagen of America in 1999 .



Origin and Applicability Home Valuation Code of Conduct?



- Agreement between New York Attorney General's Office, Fannie Mae, Freddie Mac and Federal Housing Finance Authority.
- The Code only applies to 1- to 4-unit single-family loans that are delivered to Fannie/Freddie that were originated on or after May 1, 2009.

VIII. Representations and Warranties

- A lender shall warrant that the appraisal report was obtained in a manner in compliance with this Code of Conduct.
- If the Enterprise determines that a lender is in breach of a material aspect or provision of this Code of Conduct the Enterprise will enforce all applicable rights and remedies, *including suspension or termination of the lender's eligibility to sell loans to the Enterprise, if the lender fails to remediate.*

“Lender”

An entity that has a direct contractual relationship with one or both of the GSEs whereby the GSE agrees to consider the purchase of a mortgage that meet the requirements of their seller/servicer guides and subject to certain rights and remedies agreed upon.

“Correspondent Lender”



- A “correspondent” is a third-party entity that may originate and underwrite the mortgage.
- The correspondent closes the mortgage in its own name with its own funds, and sells it to the lender.
- The mortgage is sold to Fannie/Freddie by the lender.

“Loan Production Staff”

- The loan production staff consists of those responsible for generating loan volume or approving loans, as well as their subordinates.
- This would include an employee whose compensation is based on loan volume or the closing of a loan transaction.
- Employees responsible for the credit administration function or credit risk management are not considered loan production staff.

Home Valuation Code of Conduct

- Opportunity to further ensure appraisal independence
 - Establishes a “firewall” between appraiser and broker
- Eliminates conflicts of interest
 - Vendor selection controlled by the bank
- Applies to all loans delivered to Fannie Mae and Freddie Mac that are originated after May 1, 2009
 - All of Mortgage broker appraisals
 - Incorporating the Consumer Finance broker channel
 - Correspondent Lenders will order their own appraisals, provided they comply with the Code

Home Valuation Code of Conduct

- Lenders can use staff appraisers if certain “firewalls” are in place to insure independence
 - The Bank will continue to utilize the services of staff appraisers
- Lenders are responsible for paying the appraisers
 - Creating a “broker storefront” to facilitate payments
- Borrower must be given a copy of the appraisal 3 days prior to closing
 - Working to automate delivery to borrower

Home Valuation Code of Conduct

- Centralizing Appraisal Process
 - Strengthen appraisal review function using market analytics on appraisals
 - Validate factual information on appraisals using county property records and other real market databases
 - Add workflow management abilities to increase efficiency
 - Review functions can be allocated based on level of experience and expertise
 - Increase the use of collateral valuation tools
 - Allows for integration of other analytical products

Home Valuation Code of Conduct

- Requires objective evaluation of the performance of persons performing the appraisal
 - Appraiser selection automated based on objective criteria:
 1. Turn-around time
 2. Quality
 3. Accuracy
 4. Completeness
 5. Geographic proximity

- Appraisers can not be placed on a “exclusionary” appraiser list without written notice describing the illegal conduct or violation of USPAP
 - Reasons may include, fraud, illegal conduct, negligence, a violation of USPAP, misrepresentation, incompetence, substandard performance or unprofessional behavior



TIMOTHY SWIERCZEK, CREATIVE MORTGAGE PARTNERS, LLC



Terms

NAMB Lawsuit Filed February 23, 2009

- Seeks injunctive relief
- More information at www.namb.org

TIMOTHY SWIERCZEK, CREATIVE MORTGAGE PARTNERS, LLC



Who I work for and how it might impact me?

- Broker/Banker who does not underwrite their own loans
- Banker who underwrites and funds their own loans

TIMOTHY SWIERCZEK, CREATIVE MORTGAGE PARTNERS, LLC



Are you ready?

- How will business likely change?
 - Value Checks?
 - What type of loans do I do?
- Conventional
 - Purchase
 - Refinance
- Government

TIMOTHY SWIERCZEK, CREATIVE MORTGAGE PARTNERS, LLC



How are my investors handling the new rules?

- Likely Responses
- **Do I need to get new investors or change my business model?**

How Can an AMC Help?

- A lender may utilize an Appraisal Management Company (AMC) as their agent to facilitate the appraisal process.
- The AMC must have adopted written policies and procedures implementing the Code of Conduct, including, but not limited to, adequate training and disciplinary rules on appraiser independence.
- The lender is responsible for selecting and retaining the AMC.

How Can an AMC Help?

- A broker cannot independently engage the AMC to complete the appraisal (and have the appraisal considered to be HVCC compliant).
- Lender may have input into make-up of the appraiser panel used by the AMC provided that any employees of the lender tasked with selecting appraisers for the list are independent of the loan production staff.
- Lender may delegate all or a portion of the appraisal process to an AMC.

Home Valuation Code of Conduct

Questions and Comments



Thank you for attending!

Contact us anytime!

HVCCcompliance@forsytheappraisals.com

