

ReValYoo – An Appraiser Cooperative **HVCC Compliance Policy**

The purpose of this written Compliance Policy is to clarify *ReValYoo's* commitment and stated responsibilities for the solicitation, assignment and development of appraisal assignments for the Appraiser Cooperative.

This policy addresses the specific portions of the Home Valuation Code of Conduct (HVCC), provided below, pertaining to appraisers and appraisal companies; and more specifically the activities or involvement of *ReValYoo* in the development of appraisal assignments:

Home Valuation Code of Conduct

Section I - Appraiser Independence Safeguards

- A. *An "appraiser" must be, at a minimum, licensed or certified by the state in which the property to be appraised is located.*

ReValYoo maintains compliance with this HVCC requirement by only issuing appraisal assignment to appraisers who are licensed or certified by the state in which the property to be appraised is located.

- B. *No employee, director, officer, or agent of the lender, or any other third party acting as joint venture partner, independent contractor, appraisal company, appraisal management company, or partner on behalf of the lender, shall influence or attempt to influence the development, reporting, result, or review of an appraisal through coercion, extortion, collusion, compensation, inducement, intimidation, bribery, or in any other manner including but not limited to:*
- 1. withholding or threatening to withhold timely payment or partial payment for an appraisal report;*
 - 2. withholding or threatening to withhold future business for an appraiser, or demoting or terminating or threatening to demote or terminate an appraiser;*
 - 3. expressly or impliedly promising future business, promotions, or increased compensation for an appraiser;*
 - 4. conditioning the ordering of an appraisal report or the payment of an appraisal fee or salary or bonus on the opinion, conclusion, or valuation to be reached, or on a preliminary estimate requested from an appraiser;*

5. *requesting that an appraiser provide an estimated, predetermined, or desired valuation in an appraisal report prior to the completion of the appraisal report, or requesting that an appraiser provide estimated values or comparable sales at any time prior to the appraiser's completion of an appraisal report;*
6. *providing to an appraiser an anticipated, estimated, encouraged, or desired value for a subject property or a proposed or target amount to be loaned to the borrower, except that a copy of the sales contract for purchase transactions may be provided;*
7. *providing to an appraiser, appraisal company, appraisal management company, or any entity or person related to the appraiser, appraisal company, or appraisal management company, stock or other financial or non-financial benefits;*
8. *allowing the removal of an appraiser from a list of qualified appraisers, or the addition of an appraiser to an exclusionary list of disapproved appraisers, used by any entity, without prior written notice to such appraiser, which notice shall include written evidence of the appraiser's illegal conduct, a violation of the Uniform Standards of Professional Appraisal Practice (USPAP) or state licensing standards, substandard performance, improper or unprofessional behavior or other substantive reason for removal (except that this prohibition will not preclude the management of appraiser lists for bona fide administrative reasons based on written management-approved policies);*
9. *ordering, obtaining, using, or paying for a second or subsequent appraisal or automated valuation model in connection with a mortgage financing transaction unless (i) there is a reasonable basis to believe that the initial appraisal was flawed or tainted and such basis is clearly and appropriately noted in the loan file, or (ii) unless such appraisal or automated valuation model is done pursuant to a bona fide pre- or post-funding appraisal review or quality control process or underwriting guidelines, and so long as the lender adheres to a policy of selecting the most reliable appraisal, rather than the appraisal that states the highest value; or*
10. *any other act or practice that impairs or attempts to impair an appraiser's independence, objectivity, or impartiality or violates law or regulation, including, but not limited to, the Truth in Lending Act (TILA) and Regulation Z, or the USPAP*

ReValYoo is committed to providing “Fair (realistic) Market Value” and to eliminating the undue influence that has plagued the industry in the past. As such, *ReValYoo* will aggressively monitor and maintain compliance with this HVCC requirement.

Section III - Appraiser Engagement

Any employee of the lender (or if the lender retains an appraisal company or appraisal management company, any employee of that company) tasked with selecting appraiser for an approved panel or substantive appraisal review must be (1) appropriately trained and qualified in the area of real estate appraisals, and (2) in the case of an employee of the lender, wholly independent of the loan production staff and process.

ReValYoo’s, implementation of a “protective firewall” appraisal order system (*ValYooDesk*) ensures the Appraiser Cooperative’s complete independence from the loan production staff and process in compliance with this HVCC requirement.

ReValYoo maintains a HVCC compliant trained staff each of whom are dedicated and professionally experienced in handling lender stipulations, conditions, and the inevitable questions that follow the delivery of an appraisal report.

Section V - The Independent Valuation Protection Institute

An Independent Valuation Protection Institute (Institute) shall be created as approved by the parties. Subject to section IX, when the Institute is established, the lender will provide information to appraisers and borrowers regarding the availability of the Institute's services, which are expected to include: (1) a telephone hotline and email address to receive and complaints of Code of Conduct non-compliance, including complaints from appraisers, individuals, or other entities concerning the improper influencing or attempted improper influencing of appraisers or the appraisal process, which the Institute will review and report as provided in IV.B(8) and IV.C(2) of this Code of Conduct; and (2) the publication and promotion of best practices for independent valuation. The lender shall not retaliate, in any manner or method, against the person or entity that makes a complaint to the Institute.

ReValYoo promotes a spirit of best practices for independent valuations and is committed to the *Principles of Good Business*.

As such, *ReValYoo* independently monitors appraiser feedback, investigates and documents complaints of a Lender’s *Code of Conduct* non-compliance and will provide such to the Institute.

Furthermore, *ReValYoo* independently investigates complaints made against any Cooperator of the Appraiser Cooperative, to ensure the legitimacy and accuracy of

such complaints, and, when requested, *ReValYoo* will provide the results of the independent investigation to the Institute and/or locate Licensing Board.

Section VI - Appraisal Quality Control Testing

The lender agrees that it shall quality control test, by use of retroactive or additional appraisal reports or other appropriate method, a randomly selected 10 percent (or other bona fide statistically significant percentage) of the appraisals or valuations that are used by the lender, including the results of automated valuations models, broker's price opinions, or "desktop" evaluations. The lender shall provide to Fannie Mae or Freddie Mac a report of any adverse, negative, or irregular findings of such quality control testing, and any findings indicating non-compliance with any provision of this Code of Conduct, with respect to loans sold to Fannie Mae and Freddie Mac respectively, and the Enterprise may enforce all applicable rights and remedies, including requiring the lender to repurchase mortgages or the Enterprise's participation interest in mortgages.

ReValYoo has found that developing long-term relationships with their Cooperators only strengthens the quality of their services. Thus, *ReValYoo* does not blindly recruit participants for the Appraiser Cooperative. Each potential Cooperator goes through a vigorous screening process, including the review of references and sample reports as part of the acceptance process, all of which helps to ensure the Appraiser Cooperative's quality and level of professionalism.

Independent of the Lender's required quality control testing; *ReValYoo* conducts periodic and random reviews of appraisal assignments as a means of monitoring and ensuring the quality of appraisal products being offer by the Appraiser Cooperative.

At either the Lender's or Cooperator's request, *ReValYoo* will independently investigate any adverse, negative, or irregular findings of quality control testing for any of the Appraiser Cooperative's appraisal assignments, to ensure the legitimacy and accuracy of such findings, and, when requested, *ReValYoo* will provide the results of the independent investigation to the Institute, Fannie Mae, Freddie Mac and/or local Licensing Agency.

Section VII - Referrals of Appraisal Misconduct Reports

Any lender that has a reasonable basis to believe an appraiser or appraisal management company is violating applicable laws, or is otherwise engaging in unethical conduct, shall promptly refer the matter to the applicable State appraiser certifying and licensing agency or other relevant regulatory bodies.

ReValYoo's commitment to the *Principles of Good Business* mandates the reporting of an appraiser who is found to be in violation of applicable laws (USPAP) or is otherwise engaging in unethical behavior.

Upon notice, *ReValYoo* will independently investigate any complaint against any Appraiser Cooperative Appraiser (Cooperator) to ensure the legitimacy and accuracy of the complaint. Should the appraiser (Cooperator) be found in violation of USPAP or engaging in unethical behavior, *ReValYoo* will immediately correct, censure, and/or remove the appraiser (Cooperator) from the Appraiser Cooperative and, when appropriate, provide the results of the independent investigation to the local Licensing Agency or other regulatory body for appropriate disposition.

Note – *ReValYoo* does not accept liability or responsibility for any Appraisal Cooperative Appraiser (Cooperator) who is found to be in violation of USPAP, reporting inaccurate appraisal results or who is otherwise engaged in unethical behavior.

Published - *July 2009*