

Ask Tommy: Your QC Expert



By Tommy A. Duncan, CMT

What is happening in the appraisal world?

I think that we can agree that the Home Valuation Code of Conduct (HVCC) is here to stay. The most recent change I see impacting the appraisal world are the states writing legislation in regard to appraisals management. It is funny to see the different approach each state is taking. It is very obvious that the legislation is written by appraisers because the states are missing the full picture of mortgage banking and the intent of the HVCC. Much of the new legislation appears to be written to degrade the operations of appraisal management companies (AMCs) and protect appraisers. I am for the appraiser, and I am glad to see them rally at the local level to unify their efforts and protect their industry.

From a bigger picture, I think legislation will adversely impact the appraiser. Because of the lack of unity and continuity from the respective states, the states will create more industry hardships that will require more federal intervention for standards.

For example, Arkansas will no longer allow broker price opinions (BPOs) to be an option. I will agree that this example keeps business channeled to the appraiser, but it defeats the purpose of what a BPO was designed to do.

Look at Arizona's employment requirements: Any employee of an AMC or any person working on behalf of an AMC who has the responsibility of selecting independent appraisers for the performance of real property appraisal services for the AMC or providing appraisal review services on a completed appraisal, shall be appropriately trained and qualified in compliance with this chapter (USPAP, Appraisal Classes). Does this mean that all those banks, credit union and lenders who manage their own rotations are required to take USPAP classes? I don't think Arizona had them in mind when writing this law. The local chapter of the Appraisal Institute did a good job of making sure of their survival in Arizona on this one. The only thing I see wrong with it is that the classes will not prevent these lending institution from violating USPAP and influencing appraisers.

Look at Tennessee ... Desk reviews must be performed by individuals holding an appraiser's license.

"Appraisal review" means the act or process of developing and communicating an opinion about the quality of another appraiser's work that was performed as part of an appraisal assignment, except that an examination of an appraisal for grammatical, typographical, or other similar errors shall not be an appraisal review.

I will take the assumption that Tennessee is directly targeting AMCs, and not underwriters and quality control personnel who perform desk reviews on every loan they touch.

As you can tell, the AMCs have their work cut out to be able to do business and the appraisers are taking revenge, but they are taking it out on the wrong people.

HVCC is all about mortgage and appraisal compliance and following the many policies of USPAP. I think these state requirements will adversely affect some AMCs and the larger AMC will become even larger ... or, move lenders back into managing their own appraisals. Then what?

Appraiser influence is still strong and it is mostly coming from those who manage their own rotations. Until lenders realize HVCC should be managed by the quality control department, the industry will not achieve the tenants of both USPAP and HVCC.

Quality Mortgage Services integrates appraisal management as a quality control solution reporting on Sections II, IV & VI of the Code to insure USPAP is followed and reported and offers its Appraisal Management Software (AMS) to those who want to integrate appraisal management into their quality control program.

Tommy A. Duncan, CMT is executive vice president of Quality Mortgage Services LLC. For answers to your QC and FHA questions, please contact Tommy at (615) 591-2528 or e-mail taduncan@qcmortgage.com. You may also visit Quality Mortgage Services LLC on the Web at www.qualitymortgageservices.com.

Sponsored by



Quality Mortgage Services, LLC

Nationwide Quality Assurance
& Compliance Solutions