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Chapter 1 Introduction

[Sample Client] is committed to the highest standards of federal consumer compliance and requires all management, employees, and third-party vendors to follow these policies and adhere to these standards.

1.1 Goals and Objectives

The standards set out in this policy represent minimum requirements based on applicable legal and regulatory guidance and apply throughout [Sample Client]'s operations. These requirements are intended to prevent [Sample Client], its employees, and third-party vendors from violating federal regulations related to mortgage banking and consumer compliance with respect to appraisal independence requirements.

1.2 Required Review

[Sample Client] requires this policy be reviewed no less than annually. The review shall include the compliance of this policy with current law, regulation, or directive; the procedural implementation of this policy within the then-current scope of [Sample Client]'s business lines and operations; internal or external audit results received during the previous year; and then-current industry trends or regulatory guidance.

1.3 Applicability

The purpose of this policy is to implement appraiser independence requirements as required by the United States statutes, and related federal regulations administered by the Consumer Financial Protection Bureau (CFPB) and other prudential regulators as identified by the CFPB including the Board of Governors of the Federal Reserve System (FRS), the Federal Deposit Insurance Corporation (FDIC), the National Credit Union Administration (NCUA), and the Office of the Comptroller of the Currency (OCC).

Wherever state or local regulations overlap and are stricter than the requirements set out in this policy, the more conservative approach shall be applied. If any applicable laws or prudential regulator requirements conflict with this policy, [Sample Client] must consult with the appropriate legal counsel to resolve the conflict and to set forth [Sample Client]'s policies and procedures for compliance.

Chapter 4 Federal Regulations

Section 1472, Title XIV Mortgage Reform and Anti-Predatory Lending Act of Dodd-Frank Act (HR 4173) called for the sunset of The Home Valuation Code of Conduct (HVCC). The final Interagency Appraisal and Evaluation Guidelines, issued December 2, 2010, ensure the independence of the appraisers and the requirement that appraisers are to receive “customary and reasonable payments for their services.”

4.1 Summary of Truth in Lending Act Section 1639e

[Sample Client] must comply with the Truth in Lending Act (TILA) provisions governing appraiser independence as established by the Dodd-Frank Wall Street Reform and Consumer Protection Act. To maintain appraiser independence TILA prohibits the following actions in consumer credit transactions secured by a consumer’s principal dwelling:

- Causing or attempting to cause the value assigned to the property to be based on a factor other than the independent judgment of the appraiser, by compensating, coercing, extorting, colluding with, instructing, inducing, bribing, or intimidating a appraiser
- Mischaracterizing, or influencing any mischaracterization of, the appraised value of the property
- Attempting to influence an appraiser or encourage a targeted value in order to facilitate the making or pricing of the transaction
- Withholding or threatening to withhold timely payment for an appraisal report or for appraisal services

[Sample Client] will comply with the TILA requirements governing appraiser independence, as well as implementing the rules set forth by the CFPB.

4.2 Regulation Z Valuation Independence: Definitions

Appraisal Management Company (AMC)

In connection with valuing properties collateralizing mortgage loans or mortgages incorporated into a securitization, any external third party authorized either by [Sample Client] of a consumer credit transaction secured by a consumer's principal dwelling or by an underwriter of

Chapter 7 Fannie Mae Requirements

[Sample Client] will comply with Fannie Mae's Appraiser Independence Requirements which Fannie Mae developed to

- protect the independence of appraisers and the integrity of their appraisals;
- extend protections for home buyers, mortgage investors, and the housing market; and
- reinforce Fannie Mae's commitment to responsible lending and mortgage quality standards.

[Sample Client]'s Appraiser Independence Requirements are further amended by the following Fannie Mae-specific requirements for all loans sold to, or securitized by, Fannie Mae.

7.1 General Requirements for Appraisals and Inspections

7.1.1 Appraiser License and Certification

Fannie Mae requires [Sample Client] (or its authorized agent) to use appraisers or supervisory appraisers that are state-licensed or state-certified in accordance with the provisions of Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 and all applicable state laws.

[Sample Client] must

- document that the appraisers it uses are licensed or certified as appropriate under the applicable state law; and
- ensure that the state license or state certification is active as of the effective date of the appraisal report.

The appraiser must note his or her license or certification number on the individual appraisal report forms.

Appraisers may rely on individuals who are not state-licensed or state-certified to provide significant professional assistance, such as an appraiser trainee or an employee of the appraiser doing market data research or data verification in the development of the appraisal.

7.1.2 Appraiser Trainees

Fannie Mae allows an unlicensed or uncertified appraiser, or trainee (or other similar classification) to perform a significant amount of the appraisal. If an unlicensed or uncertified individual provides

Chapter 9 FHA Requirements

[Sample Client]'s Appraiser Independence Requirements are further amended by the following FHA-specific requirements for all loans insured by FHA.

9.1 Appraiser Eligibility Requirements

FHA requires [Sample Client] to select qualified, competent, and knowledgeable appraisers and FHA maintains a list of qualified appraisers on the [FHA Appraiser Roster](#)¹¹. Only an appraiser on the FHA Appraiser Roster and the Appraisal Subcommittee's (ASC) [National Registry](#) may be selected by [Sample Client] to conduct an appraisal for FHA insured financing.

[Sample Client] must ensure compliance the following:

- For placement on the FHA Appraiser Roster, the appraiser must:
 - be a state-certified residential or state-certified general appraiser with credentials based on the minimum licensing/certification criteria issued by the Appraiser Qualifications Board (AQB) of the Appraisal Foundation;
 - not be suspended, debarred, or otherwise excluded; and
 - not be listed on HUD's [Limited Denial of Participation \(LDP\) List](#), HUD's [Credit Alert Verification Reporting System \(CAIVRS\)](#), or subject to any current loss of standing or suspension as a certified appraiser in any state.
- The appraiser must be knowledgeable of the [Uniform Standards of Professional Appraisal Practice \(USPAP\)](#) and FHA appraisal requirements. The appraiser must meet the competency requirements defined in USPAP prior to accepting an assignment. The appraiser must be knowledgeable in the market where the assignment is located.
- The appraiser must be a state-certified residential or state-certified general appraiser. The appraiser must maintain and be able to prove certification in all states in which the appraiser performs appraisals.

¹¹ Appraiser refers to an FHA Roster Appraiser who observes, analyzes, and reports the physical and economic characteristics of a property and provides an opinion of value to FHA. An appraiser's observation is limited to readily observable conditions and is not as comprehensive an inspection as one performed by a licensed home inspector.