



[Home](#)

[Advanced Search](#)

## Realtors® Appraise HVCC Appraisal System

**News Releases | Publication date: 2009-11-13**

For more information, contact:

Stephanie Singer 202/383-1050 [ssinger@realtors.org](mailto:ssinger@realtors.org)

Realtors® Appraise HVCC Appraisal System  
San Diego, November 13, 2009

Nearly one out of four Realtors® have reported that their clients have lost a sale since the Home Valuation Code of Conduct was implemented on May 1 of this year. Realtors® and other industry insiders examined the impact of these appraisal guidelines on the nation's real estate recovery efforts today at the "Managing the Risks and Opportunities of the New Home Valuation Code of Conduct" session during the 2009 REALTORS® Conference & Expo.

"Determining an accurate property value is very difficult in today's market, and the HVCC has unintentionally added to the problem, in many cases," said National Association of Realtors® President Charles McMillan. "As the leading advocate for homeownership, NAR has been calling for a moratorium to address the unintended consequences of HVCC and its implementation. Accurate, timely appraisals are necessary for successful real estate transactions, and both Realtors® and appraisers have told us that the HVCC is adversely affecting the appraisal process."

The HVCC makes lenders responsible for hiring appraisers, but also requires lenders to insulate themselves from the appraisal process. This has led to a dramatic increase of the use of appraisal management companies. AMCs are large brokers for individual appraisers, and the appraiser they assign to a specific home may or may not have experience or familiarity with a particular neighborhood. Realtors® across the country have reported delayed and lost sales related to HVCC implementation because of poor appraisals often conducted by inexperienced appraisers who were not familiar with the area.

In an NAR survey conducted earlier this year, 71 percent of Realtors® noted an increase in the use of appraisers who were not from the local area. In the same survey, 85 percent of appraisers reported a perceived reduction in appraisal quality. In addition, 76 percent of Realtors® had experienced an increase in appraisal time since the new HVCC rules were enacted. These factors often adversely affected the sale or the sales process, which occasionally resulted in the loss of a sale or a homeowner's inability to refinance into today's lower rates.

Panel moderator and NAR Regulatory Issues Forum Chair Ellen Renish shared her personal experiences related to the HVCC as a Realtor®. "We're seeing too many appraisers from out of the area," Renish said. "I know from my own practice that we have had closings delayed and transactions cancelled because of errors in the appraisal process stemming from the HVCC. Certainly there's a way to ensure more accurate, timely appraisals."

NAR Appraisal Chair Penny Triplett detailed the unintended effects of HVCC implementation, including a lack of geographic competency; decreased portability, in which lenders refuse to accept appraiser reports from other lenders; and increased consumer costs. "NAR surveys show that, on average, appraisal costs have increased \$100 for the average home buyer since the HVCC was implemented," Triplett said.

NAR Risk Management/License Law Forum Chair Steve White shared several real-life stories of people who had lost the opportunity to become homeowners, including accounts of appraisers refusing local price comparables and appraisal reports that incorrectly claimed that local home sale prices had been falling. "Many appraisers have chosen to exit the industry, so we now deal with appraisers who are new to the business and unfamiliar with the area," said White.

Renish, Triplett and White were joined by representatives from government-sponsored enterprises Freddie Mac and Fannie Mae, and the Federal Housing Finance Agency.

Jacqueline Doty, Freddie Mac director of collateral risk management; and Robert Murphy, Fannie Mae senior business manager, credit policies and controls; agreed that ensuring appraisal quality was the ultimate goal. "The GSEs have had appraisal standards in place before the (HVCC) code, and we will have standards after the code," Doty said. "Since the code was put into place, complaints about appraiser influence have decreased, and we believe the quality of appraisals has improved. Our goal is to ensure accurate appraisals that are neither too low nor too high."

"It is clear coming out of this crisis that valuation is as important as it's ever been," said FHFA General Counsel Alfred Pollard. "Likewise, the role that Realtors® must play in their relationship with appraisers is as central and essential as it's ever been."

The National Association of Realtors®, "The Voice for Real Estate," is America's largest trade association, representing 1.2 million members involved in all aspects of the residential and commercial real estate industries.

###

See all content about: [NAR conferences & meetings](#) [Appraisal](#)

**Notice:** The information on this page may not be current. The [REALTOR.org](#) archive is a collection of content previously published on [REALTOR.org](#). The archive pages are not updated and may no longer be accurate. Users must independently verify the accuracy and currency of the information found here. **The National Association disclaims all**

*liability for any loss or injury resulting from the use of the information or data found on this page.*



© Copyright NATIONAL ASSOCIATION of REALTORS® | **Headquarters:** 430 North Michigan Avenue, Chicago, IL 60611  
**DC Office:** 500 New Jersey Avenue, NW, Washington, DC 20001-2020 | 1-800-874-6500