



June 9, 2009

HVCC CALL TO ACTION

To: All Mortgage Brokers, Real Estate Agents, Appraisers, Lenders, Home Builders, Title Agents, and Consumers

From: Marc Savitt, President- National Association of Mortgage Brokers

After more than a year of exhaustive negotiations with Fannie Mae, Freddie Mac, James Lockhart, Director of FHFA (GSE Regulator), and NY Attorney General Andrew Cuomo, NAMB believes the time has come for your individual voice to be heard.

In order for this “Call to Action” to be effective, we ask that you fully participate, encourage others to join the action and continue calling and emailing everyday, until advised to stop by NAMB. This will NOT be a one day action!

We have received hundreds of e-mails through the hvcc@namb.org e-mail address outlining specific cases where the HVCC has created delays and additional costs to consumers. NAMB has categorized and compiled a report of the examples received, which was sent to FHFA Director James Lockhart. Please use your own examples in your conversations with legislators, regulators, or their staff. Also, please visit the [NAMB HVCC Resource Center](#) for additional information and documents on the HVCC.

Who will you be contacting?

NY Attorney General Andrew Cuomo’s Office: (212) 416-8000, [Internet Complaint](#)

Federal Housing Finance Agency (FHFA): (866) 796-5595, director@fhfa.gov

Fannie Mae: (202) 752-7000, headquarters@fanniemae.com

Freddie Mac: (703) 903-2000, [Internet Complaint](#)

Senators, Representatives and Governors: Click [here](#) for contact information.

Also, please contact your local TV and Newspaper outlets.

Below are talking points and background information to assist in your conversations. Please remember we are all professionals and should conduct ourselves accordingly in any communication with the above parties. For the most successful and influential calls, it is important to concisely quantify how the HVCC is affecting your consumer and your business.

Talking Points:

- 1) NAMB conservatively estimates (breakdown below) that the HVCC is costing consumers over 2.8 BILLION dollars a year in extra fees, created by long delays (extended lock-in fees) and higher appraisal costs.

- 2) Unregulated Appraisal Management Companies (AMCs), who have been the subject of several misconduct investigations, are the centerpiece of the HVCC. The original Cuomo investigation involved a federally chartered bank and an AMC.
- 3) AMCs are driving honest appraisers and mortgage brokers from business, eliminating competition, increasing costs to consumers and reducing state revenue. The HVCC is causing significant delays in real estate transactions, hurting real estate agents, title companies and other third parties reliant on turnaround time.
- 4) HVCC does nothing to reduce fraud, as it legitimizes the same failed model, which was the subject of Attorney General Cuomo's investigation.
- 5) No Portability! Consumers are "trapped" with a specific lender. If a better deal becomes available with a different lender, the consumer is forced to pay for another appraisal.

Background:

- I. Lack of Portability
 - A. Lenders are not allowing borrowers to transfer appraisals, regardless of the reason.
 - B. Forces the borrower to pay for another appraisal and wait for a new appraiser to be assigned and complete it, increasing the total cost and time needed for obtaining a home. Delays in turnaround times also cause the borrower to miss rate lock deadlines and possibly face penalties charged by the lender.
 - C. In a poll conducted by NAMB, 75.8% of respondents said that 0% of their appraisals are portable since the enactment of the HVCC.
- II. Lack of Quality
 - A. AMCs are assigning appraisers from a different municipality, county, or even state to appraise the target house, therefore unfamiliar with the neighborhood and unable to produce an accurate appraisal.
 - i. Because of this, the HVCC is forcing appraisers to be in direct violation of the Uniform Standards of Professional Appraisal Practice (USPAP) for jurisdictional competence.
 - B. Because AMCs pay appraisers such low fees, those assigned appraisers willing to do the work are often inexperienced and fail to adequately appraise the home.
- III. Increased Cost of Appraisals
 - A. The minimum increase we have seen in direct consumer cost is \$150 per appraisal. That, coupled with the drastically increased appraisal turnaround times that impose extended lock periods at an average expense of \$561.95 per loan, is now costing consumers an estimated additional \$711.95 per transaction.
 - B. \$150.00 - minimum increase per appraisal
 \$561.95 - average loan amount of \$224,778 at .25% for extended lock period
 \$711.95 - average total increase per transaction
 x 3,870,552* - 2007 HMDA report of residential real estate loans originated
\$2,755,639,496 - \$2.8**BILLION** in increased fees to consumers!
- IV. Articles Illustrating the Effects of the HVCC
 - A. [The Appraisal Bubble – The Center for Public Integrity](#)
 - B. [The Cure is Worse than the Disease – Appraisal Press](#)
 - C. [Appraisals Roil Real Estate Deals – The Wall Street Journal](#)
 - i. Feel free to forward these articles and/or reference them in your conversations.