

NAR Issue Summary

Housing / Home Valuation Code of Conduct

NAR Committee:

Federal Financing and Housing Policy Committee

What is the fundamental issue?

On December 23, 2008, the Federal Housing Finance Administration (FHFA) announced that Fannie Mae and Freddie Mac will implement a revised Home Valuation Code of Conduct (HVCC) effective May 1, 2009. The HVCC is based on an agreement between Fannie Mae and Freddie Mac and New York State Attorney General Andrew M. Cuomo to help eliminate conflicts of interest on mortgage appraisals. The code applies to lenders that sell single-family mortgage loans to Fannie Mae or Freddie Mac and its unintended consequences are having a negative impact on real estate transactions across the country. The legal agreement creating HVCC will sunset on November 1, 2010.

I am a real estate professional. What does this mean for my business?

Individual REALTORS and licensed real estate agents cannot serve as a third party between a lender and appraiser. This includes selection, retention, and compensation of an appraiser. Broker REALTORS that offer services as a lender or affiliated lender and appraiser services must comply fully with the HVCC if there is an expectation that their loans will be purchased by Fannie Mae or Freddie Mac after May 1, 2009. According to a recent survey by NAR, REALTORS report that sales are being delayed and sometimes cancelled as a result of the HVCC's impacts.

NAR Policy:

NAR does not support or oppose HVCC. However, given the unintended consequences of the HVCC, NAR is supporting HR 4173. The legislation includes language that would effectively sunset HVCC.

[NAR's page on HVCC](#)

Opposition Arguments:

N/A.

Legislative/Regulatory Status/Outlook

On January 20, 2010, HR 4173, the "Wall Street Reform and Consumer Protection Act of 2009," was referred to the Senate Committee on Banking, Housing, and Urban



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Affairs language that will ultimately sunset the Home Valuation Code of Conduct (HVCC). The language requires the new Consumer Financial Protection Agency to promulgate and appraisal independence rule within 60 days of enactment of HR 4173. Upon the effective date of the appraisal independence rule the HVCC will sunset.

Current Legislation/Regulation (bill number or regulation)

No actions at this time.

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