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ISSUE #134

INSIDE...



1 • independence

2 • independence (con't)
• feedback

3 • feedback (con't)
• spotlight

4 • calendar of events

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FHA Cries For More Appraiser Independence

By Thomas Kirchmeyer, SRA

For years FHA has not accepted any appraisal that was ordered by a real estate agent. In HUD's recent Mortgagee Letter (2009-28) released on Friday September 18th, FHA also states that as of January 1st, 2010, FHA will no longer accept any appraisals ordered by mortgage brokers or loan originators working for lenders.

FHA will no longer accept appraisals ordered by mortgage brokers

Also in the letter, FHA discusses appraisal fees and AMC fees. They want to be sure that the FHA appraiser is being paid a reasonable fee for the market they are in, and that the AMC is charging a

reasonable management fee. At KA, while we remain cost competitive, our primary criteria for selecting appraisers is based upon competence, quality and communication, not appraisal fee.

FHA reiterates that no loan originator (working for a mortgage broker or lender) may communicate with an appraiser in any way in regards to value, ordering, or managing an appraisal assignment. The underwriter may discuss quality issues with the appraiser. If absolute lines of independence cannot be achieved as a result of the lender's small size and limited staff, the lender must

be able to clearly demonstrate that it has prudent safeguards to isolate its collateral evaluation process from influence or interference from its loan production process.

Although this letter makes no mention of the HVCC (Home

Valuation Code of Conduct) which was adopted by Fannie and Freddie, many of the guidelines mentioned in that document have been incorporated into this letter. Some of the "what not to do's" are:

- Threats to withhold payment or future business to an appraiser.
- Blacklist the appraiser for no valid reason.
- Providing estimated values.
- Requiring the appraiser to provide an opinion of value prior to the completion of the appraisal.
- Ordering a 2nd appraisal for "value shopping" reasons.

Geographic competency is also addressed (see last month's Klips issue). Appraisers must certify that:

- "I have knowledge and experience in appraising this type of

(cont on page 2)

For all your appraisal needs in all 50 states call 1-800-771-5246

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Toll free 1 (800) 771-5246 Phone (716) 558-2800 Fax (716) 558-0164

2009 Dates to remember...

This list is not all-inclusive as some organizations have yet to firm up dates and locations. We hope to see you there!

OCT 11-14 MBA 96th Annual Conference San Diego Convention Center, San Diego, CA (Kirchmeyer will be exhibiting)	FEB 2010 - 23-26 MBA Servicing Conference Manchester Grand Hyatt, San Diego, Ca
OCT 18-20 CBA 2009 Fair Lending Conference Washington, DC	MAR 2010 - 17-21 ICBA National Convention & Techworld Con. Gaylord Palms Resort & Convention Center, Orlando, FL
NOV 8-11 Valuation 2009 Conference & Expo The Roosevelt New Orleans, New Orleans, LA (Kirchmeyer will be exhibiting)	APR 2010 - 25-28 MBA Technology in Mortgage Banking Hyatt Regency Chicago, Chicago, IL
NOV 13-14 NAMB West 2009, MGM Grand Hotel & Casino, Las Vegas, NV	APR 2010 - 26-28 MBA National Fraud Issues Conference Chicago, IL
NOV 13-16 NAR 2009 Realtors Conference & Expo San Diego, Ca	MAY 2010 - 17-19 PMC (Predictive Methods Conference) The Ritz Carlton Laguna Niguel, Dana Point, CA
JAN 2010 - 13-15 Inman News' Real Estate Connect Marriott Marquis on Time Square, New York, NY	MAY 2010 - 23-26 MBA National Secondary Market Conference Hilton New York, New York, NY

We thank you for your business!

property in this market area" (Appraiser's Certification # 11)

• "I am aware of, and have access to, the necessary and appropriate public and private data sources, such as multiple listing services, tax assessment records, public land records and other such data sources for the area in which the property is located." (Appraiser's Certification #12)

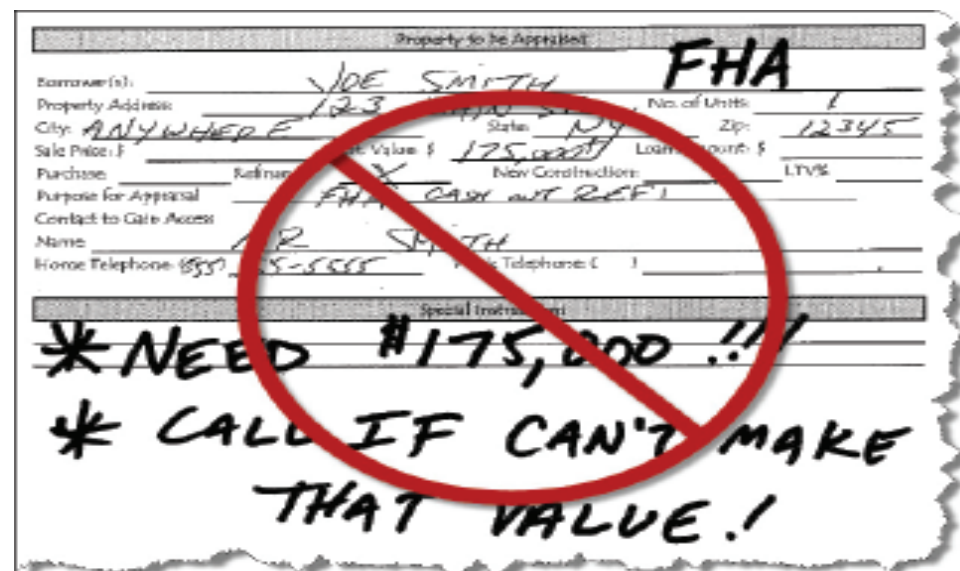
Two other Mortgagee Letters issued the same day (9/18/2009) addressed Appraisal Portability and Appraisal Validity Periods. In the case where a borrower switches from one FHA lender to another, the first lender must, at the borrower's request, transfer the case to the second lender. FHA does not require that the client name on the appraisal be changed when it is transferred to another lender.

In accordance with the Uniform Standards of Professional Appraisal Practice (USPAP), the lender is not permitted to request that the appraiser change the name of the client within the appraisal report unless it is a new appraisal assignment. To effect a client name change, the second lender and the original appraiser

may engage in a new appraisal assignment wherein the scope of work is limited to the client name change. A new client name should include the name of the client (lender) and HUD.

As for the appraisal validity period, on all case numbers ordered on or after 1/1/2010, the validity period for both existing homes and new construction is 120 days. This is a change from FHA's current periods of 6 months for an existing home and 1 year for a new construction.

KA will always adhere to secondary market and FHA guidelines when asked to perform an appraisal targeted for those markets. USPAP requires us to do so. Our clients put their trust in us and know that we understand and adhere to all current regulations. We are often asked to update our clients and we are happy to do so via this newsletter, conversations over the phone, via email, and in person. If you are a client of ours and would like more information on any appraisal-related topic, please do not hesitate to ask any one of us here and we will steer you in the right direction. We pride ourselves on great customer service!



More Client Feedback!



"Thanks for all your help on the [borrower] order. It is truly appreciated that you were able to make this happen for us so quickly. 24 hour turn time - AMAZING!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!"

"I just want to take the time to thank you and your company, it appears that your company is the exception to the rule, cares about the appraisers and addresses the appraisers concerns in a fair fashion, I wish you further success. Thanks for taking the time to address my concern."

"Just wanted to let you know I really like your system on the way we supply updates. It is so time consuming to go log in various AMC websites to update info. Yours is really an efficient way of doing it."

"I just wanted to send you an email to let you know what an outstanding job (CSR) is doing. On several occasions I have needed an appraisal, final inspection or addendum to be expedited with an appraiser and through your QA review process in order to please our customers with a quick closing and every time (CSR) is involved I get immediate and satisfactory results! He is a true asset to your team and I look forward to working with (CSR) every time I have the opportunity! With business being as busy and stressful as it is right now I know that it's nice to have someone take the time to appreciate my hard work and I thought that you should also know we appreciate his in return."

"I want to commend all of you at Kirchmeyer & Associates, Inc. for the ease and use of your system when it comes to the new HVCC policy and how much praise I have received from Brokers. Other AMC's are not even allowing Broker's to contact them. This set's both Kirchmeyer as well as (BANK) ahead of the rest. In also speaking with one of your Client Service Reps, (CSR), I had the pleasure of hearing firsthand how Customer Service driven you all are. She is very good at what she does and was quick to give me the answer I was looking for. Thank you in advance for your dedication to my clients."

"I just wanted to write you a short note of praise on a Kirchmeyer employee, (CSR). (CSR) is extremely responsive and always very professional. I do thoroughly enjoy working with (CSR) each and every time I have questions or concerns with appraisals I order through Kirchmeyer. (CSR) is always enthusiastic and expedient in replies!! (CSR) expedience and yearn to go beyond the call of duty is always appreciated. I feel that (CSR) stands out above the crowd, and I just wanted to bring that to your attention. I enjoy working with Kirchmeyer, and a great deal of that is contributed to (CSR) responsiveness and enthusiasm. Just wanted you to know I think (CSR) is an outstanding asset to the Kirchmeyer team."

Employee Spotlight



Eric Peterson

OFFICE: Buffalo

DEPT: Chief Appraiser

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The Chief Appraiser is a newly created position for KA. After many interviews we decided to hire Eric Peterson. His knowledge of the appraisal profession and communication skills were considered to be an immediate asset to KA. Eric is a NYS Certified Appraiser and has been in the business since 1986. His professional experience includes working as an in-house bank appraiser and a partner in an appraisal firm in the Buffalo area. Eric has performed appraisals, consulting services, and reviews for a wide variety of clients and has been an FHA approved appraiser since 1988.

Eric will oversee our new Certified Appraiser Review Department which will complement our existing Administrative Review Department. Both obviously stress the Quality Control our clients expect from us but some of the products we offer at KA require a higher level review completed by a certified appraiser. The Chief Appraiser will also managing our overall internal auditing process, making sure we are always in compliance with secondary mortgage, supplemental, HVCC and USPAP guidelines. With all the changes going on in this industry today we feel it is our job to educate not only our large panel of appraisers but also our clients as needed. Great communication between KA and our clients is of utmost importance.

A graduate of the State University of New York at Brockport, Eric is currently working toward the SRA designation with the Appraisal Institute.

When not at work, Eric enjoys traveling, skiing, swimming, and playing guitar.