

## **FOR IMMEDIATE RELEASE**

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## **Fannie Mae Announces Immediate Guidelines Regarding Appraisal Standards**

July 9, 2010 - Erlanger, KY; Fannie Mae recently announced new standards regarding appraisals. "For a couple of years now, appraisals have been a major hurdle to a potential homebuyer's investment in their new home," said Brian Miller, executive vice president of the Home Builders Association of Northern Kentucky. "We hope that these new guidelines help to alleviate many of the issues that our industry has been experiencing and also help to continue to keep the American Dream of homeownership alive", Miller concluded.

In 2008 the Home Valuation Code of Conduct was created, which industry professionals agree caused more problems than it was originally intended to fix. Confusion reigned around the appraisal process. Appraisers and lenders did not talk about the appraisal of homes and commercial property and appraisers oftentimes were utilized that did not take the state of distressed property into consideration. Additionally independent appraisers were being used from different parts of the state and in some situations from out of state entirely. Oftentimes, and appraiser was totally unfamiliar with a particular neighborhood or even a part of town, if not the metropolitan area entirely.

### **Changes that Fannie Mae's Guidelines Addresses:**

- If comparable sales data is not available appraisers are can use the HUD-1 settlement statement from the builder's file;
- More than three comparable sales may be submitted;
- Comps from a property's neighborhood are preferred and should be used;
- If a comp from a competing neighborhood is used it must be indicated as such;
- Lenders must attempt to resolve any discrepancies with appraisals with the original appraiser;
- Only the original appraiser may make changes to appraisals;
- Appraisers must consider a property's condition when choosing to use foreclosure sales or short sales as comps;
- Lenders must use appraisers who "have the requisite knowledge required to perform a professional quality appraisal for the specific geographic location and particular property type".

The mission of the Home Builders Association of Northern Kentucky is to promote and enhance the integrity and visibility of the construction industry and the members of the organization through advocacy, communication, education and political action.

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