



Idaho Housing Plan for Appraiser Independence Requirements

Third Party Services

Appraisal – AMC, ACT and Class

The Appraisal Department at Idaho Housing and Finance Association (IHFA) establishes guidelines for compliance with the Fannie Mae and Freddie Mac Appraiser Independence Requirements (AIR) and appraisal requirements promulgated under ECOA (Regulation B) and TILA (Regulation Z). AIR is designed to provide important protections for mortgage investors, home buyers and the housing market by requiring appraiser independence.

Appraiser Independence Safeguards:

- During the mortgage loan origination and quality control processes, Idaho Housing will confirm that the appraiser is licensed and/or certified by the state in which the property to be appraised is located.
- No employee, director, officer, or agent of the Seller, or any other third party acting as joint venture partner, independent contractor, appraisal company, appraisal management company, or partner on behalf of the Idaho Housing, to influence the development, reporting, result, or review of an appraisal.
- No appraiser will be provided a desired value. (A copy of the sales contract for purchase transactions shall be provided);
- IHFA will pay for each appraisal completed regardless of the loan closing; and judgement of a person who prepares valuations. No IHFA employee will attempt to directly or indirectly cause the value assigned to the consumer's principal dwelling to be based on any factor other than the independent

Acceptability of Subsequent Appraisals:

- Idaho Housing may not order, obtain, use, or pay for a second or subsequent appraisal in connection with a mortgage financing transaction unless:
 - (a) there is a reasonable basis to believe that the initial appraisal was flawed or tainted and such basis is clearly and appropriately noted in the Mortgage file, or
 - (b) such appraisal is done pursuant to written, pre-established bona fide pre- or post-funding appraisal review or quality control processes or underwriting guidelines, and so long as the Seller adheres to a policy of selecting the most reliable appraisal, rather than the appraisal that states the highest value, or
 - (c) a second appraisal is required by law.

Borrower Receipt of Appraisal:

- IHFA will deliver a copy of the appraisal report to the consumer upon completion of the review by the Appraisal Review Team or the Underwriter or no later than 30 calendar days after the receipt of the appraisal and in any event no less than three days prior to the closing of the Mortgage.
- The report will be delivered no later than three days prior to closing, unless the consumer waives this requirement after effective notice. IHFA may also provide the borrower at closing, any revised copy of an appraisal and information as to the nature of any revisions, so long as the revisions had no impact on value. In addition, Idaho Housing may require the Borrower to reimburse the Seller for the cost of the appraisal.



Appraiser Engagement:

- Idaho Housing or any third party specifically authorized by the Idaho Housing (including, but not limited to, appraisal companies, appraisal management companies, and Correspondent lenders) shall be responsible for selecting, retaining, and providing for payment of all compensation to the appraiser. Appraisers are to be provided with any and all information about the subject property that the lender is aware of, in case it could affect the marketability of the property or the opinion of market value. Brokers are required to use only the Appraisal Management Company approved by Idaho Housing and listed on the Idaho Housing website. Idaho Housing may not accept any appraisal report completed by an appraiser selected, retained, or compensated in any manner by any other third party including Mortgage Brokers and real estate agents.
- IHFA will not accept any appraisal report completed by an appraiser selected, retained or compensated in any manner by any other third party (including real estate agents).
- Production staff will have no decision-making authority regarding the selection of the appraiser. This includes the addition or removal of the appraiser from a panel of appraisers. Production staff will not have a substantive communications with an appraiser or an appraisal management company (AMC); except when clarification related to the appraisal is required. Production staff with an interest in the underlying transaction will not attempt to compensate, coerce, extort or collude with any person or entity conducting an appraisal.
- If absolute lines of independence cannot be achieved as a result of the Idaho Housing limited staff, the Idaho Housing will be required to clearly demonstrate that it has prudent safeguards to isolate its collateral evaluation process from influence or interference from its mortgage production process.

Any employee of Idaho Housing (*or if the Seller retains an appraisal company or appraisal management company, any employee of that company*) that is tasked with selecting appraisers for an approved panel or substantive appraisal review must be:

- (a) Appropriately trained and qualified in the area of real estate appraisals; and
- (b) In the case of an Idaho Housing employee, be wholly independent of the mortgage production staff and the mortgage loan process.

Transfer of Appraisals:

- Idaho Housing may deliver to Fannie Mae a conventional mortgage with an appraisal prepared by an appraiser selected by another lender, including where a Mortgage Broker has facilitated the Mortgage application (but not ordered the appraisal).
- Idaho Housing that delivers the loan to Fannie Mae makes all representations and warranties to Fannie Mae regarding the appraisal set forth in the Mortgage Selling and Servicing Contract, the Selling Guide and related documents, including the representation that the appraisal is obtained in a manner consistent with these Appraiser Independence Requirements.

Appraisal Misconduct Reports:

- If at any time Idaho Housing has a reasonable basis to believe an appraiser or appraisal management company is violating applicable laws, or is otherwise engaging in unethical conduct, Idaho Housing shall promptly refer the matter to the applicable State appraiser certifying and licensing agency or other relevant regulatory bodies.

Overall Compliance:



- AIR procedures are reviewed annually with the department and/or as changes occur.
- Idaho Housing will ensure that any third parties, such as appraisal management companies or correspondent lenders, used in conjunction with the sale and delivery of a Mortgage to Fannie Mae are also in compliance with these Appraiser Independence Requirements.



Requesting, Ordering, and Receiving Appraisals

Please note- Only Mortgage Operations Support department can speak with appraisers and use the appraisal ordering site. This is a process to keep us in compliance if you have questions or concerns about an appraisal please relay it through a Jr. Processor in the Mortgage Operations Support department.

How to order an appraisal:

- Send an email to IHFADisclosureDesk@IHFA.ORG
- Please include the following:
 - Loan number
 - Due date for appraisal
 - Payment method

Processors / Broker Coordinator when an appraisal and received:

- Send copy of appraisal to borrower
- Send E-sign acknowledgment of appraisal to borrower

What to do when an appraisal needs a reconsideration:

- **Processors/Broker Coordinator:**
 - Email the Mortgage Operations Support department at IHFADisclosureDesk@IHFA.ORG
 - Please include all information you need sent to the appraiser
- **Jr. Processors:**
 - When an email request for a reconsideration is received:
 - In Encompass > Services > Order Appraisal
 - Add comments to the appraisal to reply with the Processor/Broker Coordinators request
 - Send confirmation a reconsideration has been requested

Jr. Processors –

Ordering appraisals with order outs:

- **Determine if an appraisal is needed and what kind to order**
 - Determine if a PIW is applicable
 - In encompass > Tools > Conversation log
 - Is a PIW mentioned in the conversation log? If yes, no appraisal is needed. If no, confirm if a PIW or specific type of appraisal is mentioned in the underwriting documents
 - In encompass > efolder > File Manager Documents > Underwriting
 - In the underwriting documents find the Summary of Findings, this will have a line for appraisal waiver. If the appraisal is waive no further action needed, if not eligible move to order appraisal.
 - Note the type of appraisal mentioned in the Underwriting document

- **Order the appraisal**
 - Efolder > File Manager > search for “Credit Card Authorization”
 - If this form is available open it and leave it open while ordering the appraisal
 - If this form is not available note the borrowers email
 - In Encompass > Services > Order Appraisal
 - Highlight Class Valuation and click next
 - Under products select the applicable appraisal type noted in the underwriting document
 - Complete the following dropdowns
 - Loan type
 - Intended use
 - Property type
 - Occupancy
 - Due date (10 business days out)
 - Click Update Order
 - Review borrower and co-borrowers information
 - For entry into property contact select borrower
 - Payment type can be an invoice or enter borrowers card information if we already have the credit card authorization form
 - If not cc authorization form enter the primary borrowers email for invoice
 - If the cc authorization is available enter the borrowers card information in for billing
- **Appraisal is received**
 - Download the full appraisal and any attachments into the order out file for the corresponding loan
 - Save the full appraisal and any attachments to the unassigned file in Encompass for the corresponding loan
 - Email the Processor working on the loan a copy of the appraisal and documents. Let them know they have been saved in Encompass as well

Jr. Processors –

Ordering appraisals for the broker department:

- **Appraisal request email comes into the Disclosure Inbox**
 - Locate the applicable loan in Encompass
 - Note from the email if we will be invoicing the borrower or if card information is in the loan file
- **Order the appraisal**
 - In Encompass > Services > Order Appraisal
 - Highlight Class Valuation and click next
 - Under products select the applicable appraisal type



- Complete the following dropdowns
 - Loan type
 - Intended use
 - Property type
 - Occupancy
 - Due date (10 business days out)
- Click Update Order
- Review borrower and co-borrowers information
 - For entry into property contact select borrower
- Payment type can be an invoice or enter borrowers card information if we already have the credit card authorization form
 - If not cc authorization form enter the primary borrowers email for invoice
 - If the cc authorization is available enter the borrowers card information in for billing
- **Send email in reply to the order email confirming it has been ordered**
- **Appraisal is received**
 - Download the full appraisal and any attachments into the order out file for the corresponding loan
 - Save the full appraisal and any attachments to the unassigned file in Encompass for the corresponding loan
 - Email the Processor working on the loan a copy of the appraisal and documents. Let them know they have been saved in Encompass as well