

Idaho Housing Plan for Appraiser Independence Requirements

Idaho Housing is committed to overall mortgage loan quality and has implemented the following guidance to assure compliance related to the following Appraisal Independence Requirements (AIR) regulations.

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.

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:

- Idaho Housing will ensure that the Borrower is provided a copy of any appraisal report concerning the Borrower's subject property promptly upon completion at no additional cost to the Borrower, and in any event no less than three days prior to the closing of the Mortgage.
- The Borrower may waive this three-day requirement if such waiver is obtained at least three days prior to the closing of the Mortgage. Idaho Housing may provide the Borrower at closing, a 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.**
- There must be separation of Idaho Housing's mortgage loan production functions and appraisal functions. An employee of the Idaho Housing's mortgage production may have no involvement in the operations of the appraisal function.
- 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:

- 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.

