

**Wisconsin Association of Mortgage Brokers**  
**Call To Action**  
**Brokers No Longer Able to Select,**  
**Retain or Pay for Appraisers for**  
**Loans Purchased by GSE's**



Mortgage brokers across the country were outraged to hear the Government Sponsored Enterprises (GSEs), Freddie Mac and Fannie Mae; the Office of Federal Housing Enterprise Oversight (OFHEO); and the NY Attorney General Andrew Cuomo, all reached an agreement barring mortgage brokers from selecting, retaining or paying appraisers for any loans purchased by the GSEs starting on January 1, 2009.

Comments on the Home Valuation Code of Conduct, announced on March 3 by OFHEO, New York Attorney General Andrew Cuomo and Fannie Mae and Freddie Mac may now be made directly to Fannie Mae and Freddie Mac. The comment period established by the GSEs is for 45 days, ending on **April 30th**. OFHEO will be reviewing the submitted comments. For more information on where and how to submit comments to Fannie Mae, click [here](#). For more information on where and how to submit comments to Freddie Mac, click [here](#).

While the Wisconsin Association of Mortgage Brokers does commend the common sense approaches detailed in Section I 1-10, Section II and Section VI-XI to improve the problems many in the industry have seen in the past, there are areas within the proposed code of conduct that would be detrimental to both the industry and consumers if put into effect as written.

Possible bullet points for use in comments to the GSEs:

- Not allowing the ability for brokers, or anyone affiliated with the loan process to request the appraisal will force companies to have to either only use monopolistic national appraisal companies, or establish departments within their own companies separate from the loan process to only handle the appraisals.
- These options will only increase costs for the borrower in payment for their appraisal. The consumer loses choice, as well as an increase in their appraisal costs through the proposed altering of the appraisal selection process. Currently if the lender does not approve the loan, the consumer has the ability to “shop” other lenders when the appraisal is ordered by the mortgage broker at no additional cost. Under the Code of Conduct this ability to “shop” would be taken away or would result in increased costs as the appraisal would need to be assigned to a new lender (appraisers charge an additional fee to do this) or a completely new appraisal would need to be ordered.
- This agreement could have strong implications relating to access to credit for consumers. If the lender (who has not yet approved the loan) is required to order the appraisal, consumers would be required to pay for appraisals at time of service. This is often a fee that is financed in the loan and many consumers do not have the money available. Lenders would not pay for the appraisal as they would not assume the risk that the loan is not approved or the consumer withdraws their application after appraisal is complete. It is not uncommon for the appraisal to be paid at closing. If the loan doesn't

close and the consumer does not pay the appraisal, it must be paid by the party who ordered the appraisal.

Thank you in advance for your help in our attempts to amend these code changes and please let me know of any questions.

If you have additional questions, please contact Erin Krueger, WAMB Director of Public Policy, at [ekrueger@ekgmail.com](mailto:ekrueger@ekgmail.com).

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