

11/17/09

PRESS RELEASE

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SharperLending's Appraisal Firewall Complies with Upcoming Lender FHA Regulations

FHA Appraisal Requirements Set to Take Effect January 1st, 2010

November 17th, 2009, Spokane WA – Appraisal Firewall, an HVCC compliance technology platform that allows lenders to keep working with their existing appraisers, complies with new FHA appraisal regulations slated to take effect starting January 1st, 2010. According to HUD's *Mortgagee Letter 09-28* and sent out on September 18th, 2009, FHA will adopt many of the same requirements that the GSEs require under HVCC.

In addition to many of the HVCC requirements, FHA will require that appraisal management fees be listed separately from what the appraiser earned for completing the appraisal.

Lenders are still adapting to changes under HVCC, and now are forced to integrate their FHA business into these changes as well. In adapting to HVCC, many lenders selected an Appraisal Management Company (AMC) as their solution to HVCC compliance. While studies have shown that outsourcing compliance to a third party can potentially increase a lender's risk¹, new FHA requirements state that the fee for an appraisal "...may not include a fee for the management of the appraisal process...²".

"Any lender that chose an AMC for HVCC compliance needs to fully understand how the AMC charges the lender, then pays the FHA appraiser," says Dave Black, President and CEO of SharperLending – the company behind the Appraisal Firewall technology. "The lender is responsible for all of the AMC's actions. FHA specifically states that the FHA-approved lender is responsible for meeting this requirement – not the AMC – and that the lender may be sanctioned if

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the requirement is not met. Lenders should be doubly sure that they are not increasing their compliance risk if they chose a third party like an AMC to process appraisals.”

“Since Appraisal Firewall is not an AMC and doesn’t charge a fee for management of the appraisal process, I will be putting all of my FHA business through Appraisal Firewall,” says Allen Cravello, President and CEO of American Capital Corporation, a wholesale lender in El Segundo, CA. “By not using an AMC, we already comply with the upcoming FHA requirements. This is one less thing I have to worry about.”

Lenders like Allen understand that AMCs are not required to comply with HVCC, and can possibly make it difficult for the lender to meet the new FHA requirements if the AMC they selected combines an appraisal management fee with the appraisal fee.

“Both our retail and wholesale networks already live in Appraisal Firewall, and they initiate the appraisal process within our approved and controlled process,” continues Allen. “Our remaining FHA business will now live in Appraisal Firewall as well. Appraisal Firewall allows our organization to be compliant with both HVCC and FHA requirements well in advance of the FHA deadline.”

¹ [HVCC Myths and Realities by Appraisal Institute](#), page 3, *Myth: outsourcing appraisal management to a third party reduces lender risk*

² [HUD Mortgagee Letter 09-28: Appraiser Independence](#)

About SharperLending, LLC

Headquartered in Spokane, Wash., SharperLending, LLC, was founded in 1989 and was the first to offer a complete Web browser-based mortgage credit reporting system on the Internet. The company’s proven technology has processed more than 80 million secure mortgage transactions. SharperLending, LLC, has three divisions under its corporate umbrella: SharperLending Mortgage Services Division, the mortgage services and Appraisal Firewall platforms; SharperLending Credit Division, technology for the credit reporting industry; and SharperLending Solutions, the loan origination product packaging division. For more information, visit www.SharperLending.com.

About American Capital Corporation

American Capital Corporation was founded in 1994 and is now one of the largest independent mortgage bankers/brokers in Southern California. The company was founded on the belief that, to originate high quality Real Estate loans, a relationship with a referring source is essential, as well as a service oriented operations process to insure the customer has a positive loan experience. American Capital Corporation strives to provide superior customer service, quality, pricing and performance in order to guarantee that the borrower’s expectations are met.

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