

NATIONAL MORTGAGE NEWS

Fraud and Compliance Report

Voice of the Industry

Appraisal Fraud & Abuse, Part II: Summary of Historic New HVCC Policies

By Thomas J. Inserra

Director James Lockhart of the Office of Federal Housing Enterprise Oversight recently announced sweeping new policies designed to combat appraisal and mortgage fraud and eliminate perceived conflicts of interest in the appraisal process. Also, the FBI recently released its annual report on mortgage fraud indicating that the rate of Suspicious Activity Reports was up 573% over the past four years, suggesting that policy reforms aimed at reducing mortgage fraud are desperately needed.

OFHEO is a federal agency, which oversees Fannie Mae and Freddie Mac, and the new policies are scheduled to take effect for loans sold to or guaranteed by the GSEs beginning in January 2009. The new policies are known as the Home Valuation Code of Conduct. This article is a summary of the changes and thus readers should consult the exact text of the policies at <http://www.ofheo.gov>.

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