

AI[®] Connect

Where people & ideas come together.



2012 Appraisal Institute Annual Meeting

Aug. 1-3

Loews Coronado Bay Hotel
San Diego, CA

appraisalinstitute.org/aiconnect

Blacklisting

The Good, the Bad, and the Ugly

Blacklisting

Other popular names:

- Do-not-use list
- Watch list
- Ineligible list
- Exclusionary list
- Inactive list



Wikipedia – “deny someone the right to work”

Blacklisting

The Good – AMC blacklists

- The good AMCs have these lists for a reason
- There are great appraisers and terrible appraisers
- Poor appraisers that do not communicate well, have poor quality grades, over-promise and under deliver relating to turn times, etc. – all end up on this list
- Written Notifications: warnings, demotion, blacklist
- Forum for rebuttal, chance to get back in good standing
- Good business practice

Blacklisting

The Bad – Lender blacklists

- Often poorly managed on the lender side
- Nobody at lender knows why appraiser is on the list
- Appraiser probably didn't "play ball"
- No appraiser notification or rebuttal process
- No law states that lender must notify appraiser
- Lender gives AMC no reason

Blacklisting

The Ugly – Freddie/Fannie blacklists

- Appraisers listed here may as well change careers, or specialize in non-GSE work
- Large lenders that sell to Fannie/Freddie must comply
- How can AMCs comply with this list if they are never provided with it?
- Field reviews ordered on all reports from appraisers on these lists
- Nobody knows how the appraiser ended up here
- List shared with many lenders thus damaging appraiser's career

Blacklisting

What do Regulations say about blacklists?

- HVCC clearly stated appraiser **MUST** be notified when removed from a panel or placed on a blacklist – but where is HVCC today?
- Valid reasons included:
 - Illegal conduct
 - USPAP violation or state license law
 - Unprofessional behavior
 - Substandard performance
- Dodd-Frank – forced regulation of AMCs
- HUD has adopted similar guidelines
- FNMA implemented the AIR which does not require notifying appraisers

Blacklisting

Catch-22

- Although lenders don't have to notify appraisers, their AMC agents *MAY*
- AMCs register in each state they conduct business – some states *REQUIRE* AMCs to notify appraiser and offer a rebuttal process
- Of the 22 states that currently require AMC registration, 19 require AMC to notify the appraiser
- 12 require AMCs to have an appeal process in place
- If lender instructs their AMC to NOT use a certain appraiser, they don't have to have a reason – but what's a good AMC to do? Follow state law, or lose a client? I guess it depends on the state where the appraiser works, right?
- Good business practice!

Blacklisting

IAG

- Lenders should have approved procedures for development and placement on any list
- Include process for qualifying appraisers, monitoring performance
- Periodically review the list to make sure appraiser independence standards are maintained

Blacklisting

What we do at KA

- Appraiser signs up to be on our panel
- They are listed as a TRIAL appraiser in our system
- They may work up to BONZE, SILVER, or GOLD levels
- Our 'Blacklist' is our INACTIVE list – reasons for placement here are not only performance related: license expired, retired, does not want to complete our work anymore, fees not market supported, E&O not current
- We can 'block' appraisers from assignments for specific products or lenders or type of appraisal (complex), etc.
- Temporary suspension/under review internally
- Appraiser's record marked for EVERY step along the way

Blacklisting

Where do we go from here?

- Lenders and their AMC agents must create good practice policy and procedures and agree to notify the appraiser if/when placed on blacklist and offer a forum for appeal
- Offer a 3-strike rule: verbal warning, written, you're OUT
- TRANCPARENCY! Let appraisers see their status with you, be able to run reports on quality, communication, and TT

What can you do if you suspect you are on a BL?

www.helpwithmybank.com



Comptroller of the Currency
Administrator of National Banks

US Department of the Treasury

[About Us](#) | [Contact Us](#) | [En Español](#) | [Dictionary](#) | [Site Map](#)

[GO](#)

Answers & Solutions for Customers of National Banks

Want help with a question or concern
about a National Bank?

[Start Here](#)



Change font size: [A](#) [A](#) [A](#)

Get Answers About National Banks



Helpwithmybank.gov helps you find answers to your National Banking questions. Use the shortcut keywords below to visit the category that interests you, or use the search window located at the top right corner of every page. We're here to help!

Asset Management

Bank Custodians
Collective Investment Funds
Index-linked Certificates of Deposit
[More](#)

Bank Accounts

Checks: Cashing
Forgery and Fraud

Credit Cards

Balance Transfers
Disputes
Fees
Payments and Late Payments
[More](#)

Insurance

Credit Insurance
Flood Insurance



What's in the News?

Independent Foreclosure Review: If you think you were financially injured by errors, misrepresentations or deficiencies in a foreclosure action on your primary residence in 2009 and 2010, you may be eligible for a review. For more information visit

[IndependentForeclosureRe](#)

Need More Help?

[Contact the Customer Assistance Group](#) for further assistance or guidance on [filing a complaint](#).

[Check Case Status](#)

[File an Appeal](#)

[Información para el Consumidor](#)

[More >>](#)

Consumer News

07/26/12
OCC Takes Actions Against Capital One to Assure