



Homeownership Program Bulletin

October 10, 2007

Program Bulletin #2007-34

To: CalHFA Approved Lenders

Appraiser Requirements for CalHFA Loans

Effective for CalHFA loans registered on and after October 15, 2007, Lenders must follow the procedures detailed below for selecting appraisers. CalHFA does not directly approve appraisers, but it does rely upon CalHFA-approved Lenders to maintain a process of selecting, reviewing and retaining appraisers.

Conventional Loan Appraiser Requirements

CalHFA-approved Lenders must maintain a process of selecting, reviewing and retaining appraisers. The process for appraiser selection must take into consideration the following:

- Appraiser's education
- Appraiser's experience
- Required California appraiser licensing (Lenders must keep a copy of the appraiser's current California license in their place of business)
- Samples of work performed
- Professional references
- Any evidence of an Errors and Omissions Insurance Policy must available in the Lender's place of business

The Lender must not assume that an appraiser is qualified simply based on his or her membership or professional designation from an appraisal organization, or the fact that he or she is state-licensed or state-certified.

Lenders must incorporate into their Quality Assurance Plan, a procedure to review the performance of each approved appraiser. This should include an actual field review of the appraisers' work by an independent appraiser who will confirm the approach and accuracy of appraisals. CalHFA requires that at least one in every ten appraisals performed by an individual appraiser receives an independent review. Lenders may refer to Fannie Mae's Selling Guide Chapter 3, Part I, Section 301, Quality Assurance Systems, for procedures on reviewing appraisals.

Each appraisal is to be documented on the appropriate appraisal form as designated by Fannie Mae according to property type. The appraiser's license number, name and signature must be included in each appraisal and recorded in the appropriate form field.

Appraisals not meeting acceptable standards or qualifications will be referred to the originating Lender or Servicer for remedy. Failure to resolve appraisal compliance issues could result in

CalHFA requiring a Lender to repurchase unacceptable loans and possible suspension from doing business with CalHFA.

CalHFA will review the Lender's procedures for appraiser selection during CalHFA's review of new Lender applications, as well as, annual Lender recertification.

FHA, VA and RHS Appraisal Requirements

CalHFA will accept appraisals from appraisers who perform under a Lender's authority granted by FHA, VA and/or RHS. The policies and procedures for ordering and evaluating such appraisals must follow respective agency guidelines.

For questions about this bulletin, contact CalHFA Homeownership Programs by phone 916.324.8088; by fax 916.324.6589; by email at homeownership@calhfa.ca.gov and you can always visit CalHFA's web site at: www.calhfa.ca.gov

Unless otherwise directed, please send all loan files and documents to:
CalHFA Homeownership Programs
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