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ValuAmerica Vendor Management Software Will Now Assure Compliance With Federal Rules on Directed Appraisals

It will also help lenders meet new GSE guidelines on appraisals

PITTSBURGH, PA—April 17, 2008 [PRNewswire]—ValuAmerica, Pittsburgh, a leading developer of settlement services technology, today announced a new release of its ValuNet xsp software that will prevent directed appraisals and ensure compliance with current valuation requirements of the Federal Reserve, Federal Deposit Insurance Corporation, Office of The Comptroller of the Currency (OCC) and Office of Thrift Supervision (OTS).

The system will also help lenders to comply with the terms of the recent agreement on appraisals between the New York Attorney General and Fannie Mae, Freddie Mac and OFHEO.

Since the passage of FIRREA, in 1989, various types of lenders – commercial banks, thrifts, mortgage banks and credit unions – have been required to put in place safeguards to ensure against loan officer influence in the appraisal selection process and interference or pressure to ‘hit a number’ for an appraisal. Recently the GSEs and the New York Attorney General agreed on a new Home Valuation Protection Code that puts new appraisal rules in place for lenders that sell to these agencies.

“Despite repeated warnings from these regulators, very little has been done in retail lending channels to create a firewall between loan officers and appraisers,” said Robert Murphy, Chairman and Chief Executive of ValuAmerica. “It’s the industry’s worst-kept secret: some lenders apparently would rather face a fine from their regulators than risk alienating their commission-based loan officers by preventing them from meddling in the appraisal selection and review process. Inflated appraisals were a major part of the S&L crisis twenty years ago, and they are a significant factor in today’s credit/housing crisis – just read the headlines.

“Now that Fannie and Freddie have developed their new code, lenders should be looking for new ways not only to end appraisal pressure but to document their compliance,” said Murphy.

ValuNet xsp is designed to prevent loan officers from selecting or contacting appraisers. The system automatically selects appraisers for each assignment, based on their licensing, skill levels, location, price, workload and past performance.

While loan officers and processors can use ValuNet xsp to order appraisals, AVMs and other valuation products, as well as a complete suite of title and settlement services and products, they can not specify who gets the order. "It's all done by a 37-point algorithm," said Murphy. "The lender does not know who is doing the appraisal until it is returned. If there is a reasonable question about a comp or how a value was derived, it goes through us to the appraiser, so there is no chance to influence or pressure the appraiser. The system typically does not share information on the contract price, in a sales situation, or the amount the borrower is looking for in a refi.

"Aside from an initial set up and support fees, there are no transaction costs for the lender with our software, and it can connect to tens of thousands of licensed appraisers in all 50 states. If used properly, it finally puts an end to this problem," said Murphy.

ValuNet xsp enables lenders, title companies and other settlement services providers of all sizes to access technology and products previously available only to large vendor management captives. It gives them immediate access to thousands of embedded settlement services providers: appraisers, abstractors, title underwriters, credit, flood and tax services, etc. ValuNet xsp helps them reduce their costs of managing settlement services – activities that account for as much as 40% of origination costs.

ValuNet xsp was jointly developed by ValuAmerica and Deloitte Consulting, and today the platform is hosted by Computer Sciences Corporation (CSC). To date, more than 60 million transactions have been completed using the ValuNet platform. Mortgage Technology Magazine selected the ValuNet platform as the recipient of the Mortgage Technology "Synergy" Award.

For more information on ValuNet, go to valuamerica.com or call Shawn Murphy 440-539-0967.

About ValuAmerica

ValuAmerica is a national, high-tech provider of settlement services and a leader in supply chain management. The company was founded by a management team that pioneered the concepts of appraisal and vendor management. In addition to developing and licensing settlement services technology, ValuAmerica is also an independent vendor management company that delivers a full range of products to lenders.