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MEMORANDUM

TO: Clients and Friends of the Firm

FROM: J. Alton Alsup

DATE: April 9, 2009

SUBJECT: New *Home Valuation Code of Conduct* Adopted by Fannie Mae and Freddie Mac Puts Teeth into Prohibitions Against Coercion or Improper Influencing of Property Appraisers under Truth in Lending Regulations

Anti-Coercion Appraisal Rules under Truth in Lending Regulations

All consumer-purpose, closed-end loans secured by a consumer's principal dwelling originated on or after October 1, 2009 are subject to new regulations prohibiting coercion or improper influencing of appraisers under a Final Rule¹ adopted by the Federal Reserve System Board of Directors ("FRB"). Creditors and mortgage brokers², and their affiliates, are prohibited from directly, or indirectly, coercing, influencing, or otherwise encouraging an appraiser to misstate or misrepresent the value of a consumer's principal dwelling securing a covered loan.

Prohibited actions include (i) implying to an appraiser that current or future engagements of the appraiser depend upon the amount at which the appraiser values the property, (ii) excluding an appraiser from consideration for future engagements because the appraiser reports a value of a property that does not meet or exceed a minimum threshold value, (iii) telling an appraiser a minimum reported value of a property that is needed to approve the loan, (iv) failing to compensate the appraiser unless the appraised value of the property reported is at or above a particular amount, or (iv) conditioning compensation to the appraiser on actual loan consummation.

However, creditors and mortgage brokers are not prohibited under the Final Rule from such actions as (i) asking an appraiser to consider comparable properties or to consider additional information about the appraised property; (ii) requesting the appraiser to provide additional information about the basis of the valuation; (iii) requesting that the appraiser correct factual errors in the appraisal report; (iv) obtaining multiple appraisals of a property (so long as the creditor or mortgage broker adhere to a policy of selecting the most reliable appraisal, rather than just the appraisal that states the highest value);

¹ The new appraiser anti-coercion regulations, consisting of a Final Rule amending Regulation Z [§226.36(b)] and the Official Staff Commentary to Regulation Z (12 CFR Part 226), which interprets and implements the federal Truth in Lending Act, were published in the Federal Register on July 30, 2008 (73 F.R. 44522 – 44614) and apply to covered loans for which a creditor receives an application on or after October 1, 2009.

² A "mortgage broker" for purposes of this anti-coercion prohibition means a person, other than an employee of a creditor, who, for or in expectation of compensation or monetary gain, arranges, negotiates, or obtains an extension of consumer credit for another person (even when the mortgage broker is the named payee of the credit obligation under a table funding arrangement).

or (v) withholding compensation from the appraiser for breach of contract or substandard performance, or taking other action affecting the appraiser that is permitted or required by applicable state or federal law or regulations.

Any creditor who knows³ of a violation of these anti-coercion regulations before a loan closing is prohibited from extending credit based upon such an appraisal unless the creditor documents that it has acted with reasonable diligence to determine that the appraisal does not materially misstate or misrepresent the value of the appraised property. A misstatement or misrepresentation of value would not be regarded as “material” for this purpose if it does not affect the credit decision or the terms upon which credit is extended. An “appraiser” for purposes of these regulations means a person who engages in the business of providing assessments of the value of dwellings and includes persons (both natural persons and business entities) that employ, refer, or manage appraisers and affiliates of such persons.

The Home Valuation Code of Conduct

Independently of the FRB’s Final Rule, Fannie Mae and Freddie Mac have adopted the attached Home Valuation Code of Conduct (the “Home Valuation Code”)⁴ for the stated purpose of “reinforce[ing] the independence of the appraiser as well as enhance[ing] the overall integrity of, and confidence in, the national housing finance system.”⁵ The new Home Valuation Code will regulate the conduct of creditors and third parties, including mortgage brokers, real estate brokers and sales agents, and homebuilders, in their relations with property appraisers for all conventional home loans (i.e., conforming loans other than government-insured or –guaranteed loans) sold to Fannie Mae and Freddie Mac for which application is made on or after May 1, 2009 (the “Covered Loans”). Mortgagees must represent and warrant to Fannie Mae and Freddie Mac that appraisals conducted in connection with Covered Loans conform to the Home Valuation Code.

In summary, the Home Valuation Code imposes upon creditors the following obligations with respect to all Covered Loans:

1. **Creditors Must Represent and Warrant that Appraisals for Covered Loans Conform to the Home Valuation Code.** Creditors must comply with all requirements of the Home Valuation Code when obtaining appraisals in connection with Covered Loans and must certify, warrant, and represent to Fannie Mae and Freddie Mac when selling Covered Loans to those entities that the appraisal reports were obtained in a manner complying with the requirements of the Home Valuation Code. Nothing in the Home Evaluation Code, however, (1) requires the creditor to obtain a particular property valuation, or to use any particular method for property valuations (such as an appraisal or automated valuation model) in connection with any Covered Loan; (2) affects the acceptable scope of work for an appraiser in connection with a particular assignment; or (3) requires the creditor or any third party acting on behalf of the creditor to take any action prohibited by federal or state law or regulation.

³ Presumably, prior actual knowledge of a violation of these anti-coercion regulations is required to constitute a violation by a creditor extending credit secured on a principal dwelling since an earlier proposed wording “knows or has reason to know” was not adopted in the FRB’s Final Rule.

⁴ See Fannie Mae Announcement 09-01 dated January 7, 2009 and Freddie Mac Bulletin 2009-1 dated January 7, 2009. The Federal Housing Administration (FHA) has not adopted the Home Valuation Code but has separately issued its Mortgagee Letter 2009-09 dated March 23, 2009 under which it adopts the Market Conditions Addendum (FNMA Form 1004MC and FHLMC Form 71) and requires that all appraisals conducted on or after April 1, 2009 in connection with an FHA-insured mortgage include the Market Conditions Addendum.

⁵ The Home Valuation Code of Conduct was adopted by Fannie Mae and Freddie Mac on March 3, 2008 as part of a settlement of an investigation of its practices by the Federal Housing Finance Agency (formerly, the Office of Federal Housing Enterprise Oversight, or OFHEO) and the Office of the Attorney General of New York.

2. **Creditors or Third Parties Acting of the behalf of Creditors May Not Coerce or Improperly Influence Appraisers.** No employee, director, officer, or agent of a creditor, or any other third party, including any affiliated entity, partner, shareholder, joint venture partner, independent contractor, appraisal company, appraisal management company, acting or purporting to act on behalf of the creditor, may influence or attempt to influence the development, reporting, result, or review of an appraisal through coercion, extortion, collusion, compensation, inducement, intimidation, bribery, or in any other manner, including but not limited to:
1. withholding or threatening to withhold timely payment or partial payment for an appraisal report;
 2. withholding or threatening to withhold future business for an appraiser, or demoting or terminating or threatening to demote or terminate an appraiser;
 3. expressly or impliedly promising future business, promotions, or increased compensation for an appraiser;
 4. conditioning the ordering of an appraisal report or the payment of an appraisal fee or salary or bonus on the opinion, conclusion, or valuation to be reached, or on a preliminary value estimate requested from an appraiser;
 5. requesting that an appraiser provide an estimated, predetermined, or desired valuation in an appraisal report prior to the completion of the appraisal report, or requesting that an appraiser provide estimated values or comparable sales at any time prior to the appraiser's completion of an appraisal report;
 6. providing to an appraiser an anticipated, estimated, encouraged, or desired value for a subject property or a proposed or target amount to be loaned to the borrower, except that a copy of the sales contract for purchase transactions may be provided;
 7. providing to an appraiser, appraisal company, appraisal management company, or any entity or person related to the appraiser, appraisal company, or appraisal management company, stock or other financial or non-financial benefits;
 8. allowing the removal of an appraiser from a list of qualified appraisers, or the addition of an appraiser to an exclusionary list of disapproved appraisers, used by any entity, without prompt written notice to such appraiser, which notice shall include written evidence of the appraiser's illegal conduct, a violation of the Uniform Standards of Professional Appraisal Practice (USPAP) or state licensing standards, substandard performance, improper or unprofessional behavior or other substantive reason for removal (except that this prohibition will not preclude the management of appraiser lists for bona fide administrative reasons based on written, management-approved policies);
 9. ordering, obtaining, using, or paying for a second or subsequent appraisal or automated valuation model (AVM) in connection with a mortgage financing transaction unless: (i) there is a reasonable basis to believe that the initial appraisal was flawed or tainted and such basis is clearly and appropriately noted in the loan file, or (ii) unless such appraisal or automated valuation model is done pursuant to written, pre-established bona fide pre- or post-funding appraisal review or quality control process or underwriting guidelines, and so long as the Company adheres to a

policy of selecting the most reliable appraisal, rather than the appraisal that states the highest value; or

10. any other act or practice that impairs or attempts to impair an appraiser's independence, objectivity, or impartiality or violates law or regulation, including, but not limited to, the Truth in Lending Act (TILA) and Regulation Z, or the USPAP.

But, importantly, these prohibitions do not preclude the creditor (or any third party acting on behalf of the creditor) from requesting that an appraiser (i) provide additional information or explanation about the basis for a valuation, or (ii) correct objective factual errors in an appraisal report.

3. **Only Creditors, their Agents, or another Lender Complying with the Home Valuation Code May Select and Compensate Appraisers.** Any "appraiser" selected to perform appraisal services for a creditor must, as a minimum standard, be licensed or certified by the state in which the property to be appraised is located and must conform to the Uniform Standards of Professional Appraisal Practice ("USPAP").⁶ Only a creditor or a third party specifically authorized by the creditor (including, but not limited to, appraisal companies, appraisal management companies, and correspondent lenders) may be responsible for selecting, retaining, and providing for payment of compensation to an appraiser with respect to any Covered Loan. A creditor may not accept any appraisal report completed by an appraiser selected, retained, or compensated in any manner by any other party (including homebuilders or other sellers of the property to be financed, mortgage brokers, and real estate brokers and sales agents). A creditor may accept an appraisal prepared by an appraiser for a different lender, including loans where a mortgage broker has facilitated the loan application (but has not ordered the appraisal), provided the creditor: (1) obtains written assurances that such other lender followed the Home Valuation Code in connection with the loan being originated; and (2) determines that such appraisal conforms to its requirements for appraisals and is otherwise acceptable.
4. **Creditors' Procedures for Selecting Appraisers must be Independent of Loan Production Personnel and Process.** Any employee of the creditor (or if the creditor retains an appraisal company or appraisal management company, any employee of such a company) tasked with selecting appraisers for an approved panel or substantive appraisal review must be (1) appropriately trained and qualified in the area of real estate appraisals, and (2) in the case of an employee of the creditor, wholly independent of the loan production staff and process. All members of a creditor's loan production staff, as well as any person (i) who is compensated on a commission basis upon the successful completion of a loan or (ii) who reports, ultimately, to any officer of the creditor not independent of the loan production staff and process, are forbidden from (1) selecting, retaining, recommending, or influencing the selection of any appraiser for a particular appraisal assignment or for inclusion on a list or panel of appraisers approved to perform appraisals for the creditor or forbidden from performing such work; and (2) having any substantive communications with an appraiser or appraisal management company relating to or having an impact on valuation, including ordering or managing an appraisal assignment. If absolute lines of independence cannot be achieved because of the creditor's small size and limited staff, the creditor must implement verifiable and prudent safeguards to isolate its collateral evaluation process from influence or interference from its loan production personnel or process.

⁶ Appraisers of Texas properties must be licensed or certified under the Texas Appraiser Licensing and Certification Act (Title 7, Subtitle A, Chapter 1103, Occupations Code).

5. Creditors may Select (i) Staff Appraisers Employed by the Creditor or an Affiliate of the Creditor or (ii) Appraisers Employed or Retained by Affiliated Appraisal Management Companies to Conduct Appraisals Only if Certain Conditions are met.

Unless the following conditions are satisfied, when underwriting any Covered Loan a creditor may not utilize any appraisal report either (i) prepared by an appraiser employed by: the creditor, an affiliate of the creditor, or an entity that is owned, in whole or in part, by the creditor; or an entity that owns, in whole or in part, the creditor, or (ii) prepared by an appraiser employed, engaged as an independent contractor, or otherwise retained by any appraisal company or any appraisal management company affiliated with, or that owns or is owned, in whole or in part by, the creditor or an affiliate of the creditor:

- a. The appraiser or, if an affiliate, the company for which the appraiser works, must report to a function of the creditor independent of sales or loan production;
- b. Employees in the sales or loan production functions of the creditor must have no involvement in the operations of the appraisal functions and play no role in selecting, retaining, recommending, or influencing the selection of any appraiser for any particular appraisal assignment or for inclusion on a list or panel of appraisers approved to perform appraisals for the creditor or forbidden from performing such work;
- c. Employees in the sales or loan production functions of the creditor must not be allowed to have any substantive communications with an appraiser, appraisal company, or appraisal management company relating to or having an impact on valuation or to be provided information about which appraiser has been given a particular appraisal assignment before completion of that assignment;
- d. The creditor, or its agents, and any appraisal company or appraisal management company providing the appraisal to the creditor must not provide the appraiser any estimated or target value of the property or the loan amount applied for (except that a copy of the sales contract for purchase loan transactions may be provided);
- e. The appraiser's compensation must not depend in any way on the value arrived at in any appraisal or upon the closing of the loan for which the appraisal is completed;
- f. The creditor and any appraisal company or any appraisal management company providing the appraisal to the creditor must have adopted written policies and procedures implementing the Home Valuation Code, including, but not limited to, adequate training and disciplinary rules on appraiser independence, including the principles detailed in Part I of the Home Valuation Code, and must have mechanisms in place to report and discipline anyone who violates these policies and procedures;
- g. The creditor's appraisal functions must be either annually audited by an external auditor or must be subject to federal or state regulatory examination, and, unless prohibited by law, the creditor must promptly provide to Fannie Mae or Freddie Mac the results of any adverse, negative, or irregular findings of such audits and examinations indicating non-compliance with any provision of the Home Valuation Code, whether or not the examination was conducted for the purpose of determining compliance with the Home Valuation Code; and
- h. The creditor and any affiliated entity that provides appraisals to the creditor must acknowledge and understand that, once the Independent Valuation Protection Institute

(the “Institute”) described in the Home Valuation Code (and in paragraphs 6.b. and 9. of this memorandum) is established, the Institute (i) will receive complaints for review and referral regarding non-compliance with the Home Valuation Code and (ii) will make reports to Fannie Mae and/or Freddie Mac regarding such complaints, provide information on the results of complaint reviews to Fannie Mae and/or Freddie Mac, and make such information available to the other parties to the Home Value Protection Program and Cooperation Agreement described in the Home Valuation Code.

Subject to these conditions, furthermore, the Company also may employ and use staff appraisers to (i) order appraisals, (ii) conduct appraisal reviews or other quality control, whether pre-funding or post-funding, (iii) develop, deploy, or use internal automated valuation models, or (iv) prepare appraisals in connection with transactions other than home mortgage loan origination transactions (e.g. loan workouts).

6. Creditors May Use Appraisers Affiliated with Another Entity that Provides Settlement Services for the Same Transaction to Conduct Appraisals Only if Certain Conditions are Met. In underwriting any Covered Loan, a creditor must not use an appraisal report prepared by an entity that is affiliated with, or that owns, or is owned in whole or in part by, another entity that is engaged by the creditor to provide other settlement services⁷ for the same transaction, unless the entity that provides the appraisal:

- a. has adopted written policies and procedures implementing the Home Valuation Code, including, but not limited to, adequate training and disciplinary rules on appraiser independence (including the principles detailed in the Home Valuation Code) and has mechanisms in place to report and discipline anyone who violates these policies and procedures;
- b. has acknowledged and understands that once the Independent Valuation Protection Institute called for under the Home Valuation Code is established, the Institute (i) will receive complaints for review and referral regarding non-compliance with the Home Valuation Code and (ii) will make reports to Fannie Mae and/or Freddie Mac regarding such complaints and provide information on the results of complaint reviews to Fannie Mae and/or Freddie Mac and make them available to the other parties to the Home Value Protection Program and Cooperation Agreement described in the Home Valuation Code.

7. Creditors Must Provide a Copy of the Appraisal Report to Borrower Prior to Closing. Creditors must ensure that the borrower is provided a copy of any appraisal report concerning the borrower’s subject property securing a Covered Loan promptly upon completion of the report at no additional cost to the borrower, and, in any event, no later than three business days prior to the closing of the loan.⁸ The borrower may waive this three-day requirement (presumably if the borrower waives the three-day requirement prior to closing and is provided a copy of the appraisal at or prior to closing). The creditor may require the borrower to reimburse the creditor for the cost of the appraisal (i.e., the creditor may still pass the

⁷ “Settlement Services”, as that term is defined in the Real Estate Settlement Procedures Act, 12 U.S.C. § 2601 et seq.

⁸ Under Equal Credit Opportunity Act regulations [Reg. B, §202.14(a)], creditors also must provide loan applicants a copy of any appraisal report used in connection with a loan application for credit to be secured by a lien on a dwelling either routinely (whether credit is granted or denied or the application is withdrawn) or promptly upon written request received from the applicant after providing the applicant timely notice of the applicant’s right to receive a copy of the appraisal report.

appraisal fee through to the borrower, but may not charge the borrower any additional amount for providing the borrower a copy of the appraisal report).

8. **Creditors Must Conduct Periodic Quality Control Testing of Appraisals.** Creditors are required to conduct periodic quality control tests, by use of retroactive or additional appraisal reports or other appropriate method, of a randomly selected 10 percent (or other bona fide statistically significant percentage) of the appraisals or valuations that are used by the creditor, including the results of automated valuation models, broker's price opinions, or "desktop" evaluations.⁹ Creditors must provide Fannie Mae and Freddie Mac reports of any adverse, negative, or irregular findings of such quality control testing regarding Covered Loans sold and delivered to those respective entities. If such findings indicate a failure by a creditor to comply with any provision of the Home Valuation Code, Fannie Mae or Freddie Mac, as the case may be, may enforce all applicable rights and remedies to which it may be entitled, including requiring the creditor to repurchase the Covered Loan(s) or, if applicable, its participation interest in the Covered Loan(s), and may further elect to suspend the creditor's authority to sell and deliver loans to that enterprise in the future.

9. **Creditors Must Give Notice of the Availability of Complaint and Best Practices Services of the Independent Valuation Protection Institute.** Once the Independent Valuation Protection Institute (the "Institute") called for by the Home Valuation Code is created, creditors must provide information to appraisers and borrowers regarding the availability of the Institute's services, which are expected to include: (1) a telephone hotline and e-mail address to receive any complaints of failures of the creditor to comply with the Home Valuation Code, including complaints from appraisers, individuals, or other entities concerning the improper influencing or attempted improper influencing of appraisers or the appraisal process, which complaints the Institute will review and report as provided under the Home Valuation Code; and (2) the publication and promotion of best practices for independent valuation. Creditors are prohibited from retaliating, in any manner or method, against any person or entity that makes a complaint to the Institute. If it has a reasonable basis to believe any appraiser or appraisal management company has violated applicable laws or is otherwise engaged in unethical conduct, a creditor must promptly refer the matter to the appropriate state agency responsible for certifying and licensing of appraisers or other relevant regulatory bodies. If either Fannie Mae or Freddie Mac determines, based on its own investigation or a referral made by the Institute, that any creditor is in breach of a material provision or aspect of the Home Valuation Code with respect to any Covered Loan and upon demand fails to remediate such breach or violation, Fannie Mae and Freddie Mac may enforce all rights and remedies to which it is entitled by contract or law, including suspending or terminating the creditor's eligibility to sell loans to that enterprise and/or requiring the creditor to repurchase the Covered Loan(s) in question.

⁹ Fannie Mae notes that its current quality control requirements as set out in the *Selling Guide*, Part I, Section 301.01, Quality Assurance System (01/31/06) will satisfy these requirements for periodic quality control testing of appraisals.

Conclusion: Creditors Originating Conforming Loans for Sale to Fannie Mae and Freddie Mac Should Adopt and Implement Policies and Procedures to Assure Compliance with the Home Valuation Code by May 1, 2009

It appears that any creditor originating a Covered Loan for sale to Fannie Mae and Freddie Mac on or after May 1, 2009¹⁰ will be held strictly accountable by these enterprises for breach of warranty if the creditor is determined to have obtained its appraisal report in any manner that materially fails to comply with the requirements of the Home Valuation Code. The creditor will bear the risk of loss under any Covered Loan if Fannie Mae or Freddie Mac, whether through its own audit or investigation or referral made by the Institute, determines that the creditor has materially failed to comply with the Home Valuation Code with respect to the loan. Creditors risk liability for the economic loss resulting from a forced repurchase of a Covered Loan and a possible suspension or revocation of their approved seller-servicer status entitling them to originate and sell conforming loans to Fannie Mae and Freddie Mac in the future.

Approved seller-servicers for Fannie Mae and Freddie Mac should be busily developing internal policies and procedures to assure compliance with the Home Valuation Code as summarized in this memorandum and to mitigate against these risks of loss prior to the May 1, 2009 effective date. In particular, creditors accustomed to working closely with home builders, real estate brokers and agents, mortgage brokers, and other third parties who refer their customers to the creditors for loan origination services must revise their practices to exclude those third parties from any role in selecting or influencing the creditor's selection of appraisers. Similarly, creditors must isolate their own loan production staffs from any role in the selection, retaining, recommending, or influencing the selection of any appraiser for any particular appraisal assignment or for inclusion on a list or panel of approved appraisers from which selections will be made. Internal policies and procedures should build a virtual 'firewall' between the loan production staff and the administrative personnel tasked with the responsibility for selection and assignment of appraisers for all loans in process. The 'loan production staff' for this purpose includes any personnel who are compensated on a commission basis upon the closing of a loan or who report to any officer of the creditor that is not independent of the loan production staff or process.

Under these internal procedures, a creditor's loan production staff should have no direct communication with selected appraisers or even necessarily be apprised of the identity of selected appraisers until the appraisal reports have been completed. If property information or comparable sales data is requested by the appraiser for any particular assignment, that request and all other communications with the creditor should be conducted only through the creditor's administrative personnel tasked with appraiser selection and management. Creditors should be mindful that, although the creditor may provide the appraiser a copy of the sales contract for purchase-mortgage transactions, creditors or any third party may not otherwise indicate a targeted or desired value for the appraised property for a purchase, refinance or other mortgage transaction or request that the appraiser provide an estimated value prior to completion of the appraisal report. Finally, creditors should systematically conduct required quality control testing of appraisals used by the creditors in underwriting Covered Loans and maintain contemporaneous business records of their appraiser engagements and criteria used in the selections made for particular loans to enable them to

¹⁰ The National Association of Mortgage Brokers, Inc. (NAMB) had filed, but subsequently withdrew on April 2, 2009, a suit to enjoin the Home Valuation Code from going into effect on May 1, 2009. The suit against James B. Lockhart, Director, Federal Housing Finance Agency filed in the United District Court for the District of Columbia on February 23, 2009 (Case 1:09-cv-00356-RMU) alleged, among other complaints, that the Home Valuation Code is a *de facto* rule regulating the entire mortgage lending industry and constitutes a "rule" that did not comply with stringent rulemaking procedural requirements of the federal Administrative Procedures Act.

convincingly defend any claim by Fannie Mae or Freddie Mac that they have failed in any case to comply with the requirements of the Home Valuation Code.

Furthermore, creditors must be mindful that under the Home Valuation Code only the creditor itself (or a third-party appraisal or appraisal management company acting on the creditor's behalf) may engage and compensate an appraiser for an appraisal in connection with a Covered Loan application in process. The creditor may not use or consider any appraisal report ordered by a mortgage broker, real estate agent, or any other third party (other than another creditor that has adopted the Home Valuation Code in which a mortgage broker or other third party has had no involvement in the selection of the appraiser). Because compensation of an appraiser cannot be conditioned on a loan successfully closing, the best practice will require that the creditor directly pay the appraiser its fee upon completion of the appraisal report prior to, and outside of, closing, regardless of whether the loan is subsequently approved, withdrawn, or fails to close for any reason. The creditor may then require the borrower to reimburse the creditor for the appraisal fee at loan closing (or may apply the borrower's application fee or advance deposit for that purpose at closing). Note that the creditor must provide the borrower a copy of the appraisal report without additional charge at least three business days before closing (unless waived by the borrower before closing, and, in that event, the copy must be provided to the borrower at closing).

Attachment.

Exhibit A. Home Valuation Code of Conduct

THIS MEMORANDUM IS PROVIDED FOR THE GENERAL INFORMATION OF THE CLIENTS AND FRIENDS OF BROWN, FOWLER & ALSUP ONLY AND IS NOT INTENDED AS SPECIFIC LEGAL ADVICE. YOU SHOULD NOT PLACE RELIANCE ON THIS GENERAL INFORMATION ALONE BUT SHOULD CONSULT COUNSEL REGARDING THE APPLICATION OF THE LAWS AND REGULATIONS DISCUSSED IN THIS MEMORANDUM TO YOUR SPECIFIC CASE OR CIRCUMSTANCES.