Policies and Procedures

Operational Policy Premise

Valuation Partners has a strong commitment to quality and service. We have developed a continuous improvement approach to providing exemplary products and services to our customers. Each appraiser on our panel undergoes a thorough approval process and is regularly monitored to help ensure that they are a highly skilled customer care professional. We want to ensure that our customers are not merely satisfied, but confident in the service and treatment provided by our company.

Our appraisal management services typically provide the following:

- **100% Appraisal Quality Assurance**
  Valuation Partners completes comprehensive quality control review of every appraisal report we deliver. We provide significant market specifics through our proprietary system affording our vendors as well as employee reviewers the opportunity to have access to full market analytics.

- **Certificate of Non-Influence**
  We affirm that the objectivity of the Appraiser and assure to each stakeholder involved in the loan process that the valuation was derived without influence on the appraised value or misrepresentation of the subject property, comparable properties or general market conditions.

  Valuation Partners associates have been appropriately trained and qualified in the area of real estate and understand the importance of appraiser independence in conducting business activities as well as appropriate communication with mortgage brokers, lenders, real estate agents, borrowers, and other parties engaged in the loan process.

  Should Valuation Partners become aware of any instance or complaint, in which a reasonable basis exists to support a violation of applicable law or guidance on appraiser independence or conduct of an unethical nature has occurred in any transaction or assignment, such information will be communicated to the appropriate oversight or regulatory body. In addition, Valuation Partners has created and will maintain Appraisal Independence Hotlines, via our toll-free number 888/893-3331 or by contacting us info@valuationpartners.com for reporting any concerns with regard to appraisal independence issues that cannot be otherwise addressed.

- **Dodd –Frank**
  The passage of the Dodd-Frank financial reform act in 2010 impacted the valuation process. Notably appraiser independence was strongly reinforced. Our fee panel management system assures that the selection of a qualified vendor as well as requiring primary communication to be directed through Valuation Partners. The terms and conditions of the engagement contract between Valuation Partners and the appraiser prohibit inappropriate communication with the Lender/client, or attempting to obtain value/loan information from the borrower/owner. No estimate regarding the Subject property’s value, proposed loan amount, or proposed LTV ratio will be provided to the appraiser with the assignment (Purchase agreements are required under USPAP Standards Rule 1-5).
An additional requirement of Dodd-Frank relates to anti-competitive activities or monopolistic pricing structures. We believe through common business activity occurring in the counties we serve that we do not influence or engage in anti-competitive acts.

All valuation products provided through Valuation Partners are certified to comply with the intentions of the Dodd-Frank legislation in all material respects under terms of reasonable commercial effort as well as individual state legislative requirements as they are imposed.

**Appraiser Vendor Selection**

The selection of the appraiser is performed at the sole discretion of Valuation Partners based on our prescribed selection methodology later discussed. Our selection process is based on the acceptable industry wide criteria.

Specifically, Valuation Partners undertakes compliance with the Dodd-Frank Act regarding customary & reasonable fees paid to the appraiser by applying the first presumption of compliance permitted in the legislation. Specifically we review the fees paid for comparable appraisal services within the geographic market of the property appraised, usually on a countywide basis. In those instances when assignments are received in areas of limited experience we compare fees in adjoining counties similar in attributes to the subject’s county. We specifically review the following characteristics to ensure compensation is reasonable:

- The type of property being appraised as complexity is determined
- The scope of work required
- The time required to perform the assignment
- Fee appraiser qualifications
- Fee appraiser experience and professional record
- Fee appraiser work quality

Our systems allow for case to case fee input on the part of the appraiser vendor. Independent business decisions on their part factor for items such as are listed above which may or may not lead to a higher fee quote. None the less, we expect the best qualified appraiser to be chosen for the assignment regardless of price.

**Record Retention**

We permanently retain each original appraisal report in our propriety secure web based system. This resource allows us to offer our clients a high level of security and convenience as well as archive reports for UAD delivery to the GSE’s and others.

**Facilitated Communication**

Valuation Partners maintains staff appraisers dedicated to answer questions and concerns for clients and appraisers.

**Report Representations and Warranties**

Our one simple commitment – we fully stand behind our people, products, and services.

**Order Tracking**

Our web based integrated technology platform is incredibly user-friendly and provides seamless order tracking, appraisal fulfillment, and interactive use.
STATEMENT OF WORK - PRODUCTION REQUIREMENTS

Order Assignment:
The appraiser selection process is a keystone to the success of every Valuation Partners transaction. When selecting an appraiser several variables will be considered including but not limited to:

1. specific lender approval lists
2. client specific order instructions
3. required scope of work
4. type of property being appraised
5. turn-time requirements
6. subject property proximity
7. vendor performance history vendor quality rating as scored by our quality assurance process
8. vendor qualifications
9. vendor fee

1) Lender Approval
   When selecting an appraiser, the intended lender often has an appraiser approval list that must be referenced before assignment.

2) Client Requirements
   Client instructions will be obtained and must be carefully considered. The client may request a specific inspection date and time, a specific time for the borrower to be contacted, specific expertise needed in the completion of the assignment, an extended due date or rush due date, etc.

3) Scope of Work
   The required type and extent of research and analysis is an inherent component to the valuation process. The appraiser vendor is responsible for outlining and determining an acceptable scope that will lead to the formulation of a credible appraisal result. The input provided by the appraiser vendor needs to be factored in our assignment.

4) Property Type
   Property characteristics will be factored within the assignment process. Factors relating to value include the real property rights being appraised, location, physical characteristics, economic characteristics, and legal characteristics such as zoning or private restrictions

5) Turn-Time Requirements
   The time needed to complete that assignment should never compromise the credibility of the appraisal results.

6) Geographic Competency
   The proximity of the appraiser to the subject property may imply that the appraiser is more familiar with the marketplace. Additionally, specific specialized property competency will also serve as a decision-making factor.
7) Vendor Performance History
Performance history will be established by notes recorded by our staff regarding the vendor. Also, our order management platform maintains a running average of the appraiser’s turn-time from order acceptance to scheduled date, order acceptance to completion date, and on-time fulfillment ratios. The turn-time metrics must be compared with other available appraisers, Valuation Partners Company standards, and client directives in order to determine their impact on the appraiser selection decision. Also, the vendor’s quality rating, as later detailed and described, will be factored into vendor selection.

8) Vendor Experience
The vendor’s experience and professional record will be factored as appropriate to the potential assignment.

9) Vendor Fee
Competitive pricing is important to our clients and their consumer applicants. As a matter of policy we do not permit volume discounts to be applied by our appraisers.

Order Acceptance:
Appraisers will be contacted by phone, fax, and/or email with an appraisal order opportunity and informed of the due date, report format, specific underwriting criteria, additional service terms and product fee for the order.

Acceptance of the order indicates vendor acceptance of all terms and conditions. Orders may be accepted under the following methods:

a. Verbal - Appraisers may verbally accept orders with a Valuation Partners associate. Verbal acceptance will be recorded and attached to the transaction for future reference.

b. Valuation Partners Website - Appraisers may log into the Valuation Partners website and accept orders from the “New Order” queue.

c. Vendors - are required to factor issues of scope, property type, turn time requirements, and competency when accepting orders from Valuation Partners. We expect these factors have been weighed when determining fee and capability of completing the valuation assignment. If our standard fee or turn time cannot be achieved for the subject property please submit the amount believed appropriate.

Special Instructions:
Each appraisal may contain special instructions specific to the assigned order. To demonstrate our compliance with lender underwriting guidelines, these special instructions will serve as the conditions by which the report is completed and will be your engagement contract for that order. It is imperative that appraisers read and adhere to the performance and reporting standards detailed in the instructions section of each order. Failure to adhere to any special instructions will result in a failed QC review and will require corrections. Severe deficiencies may result in the delay or reduction of compensation.

Appraiser Conduct:
Valuation Partners expects its vendor appraisers to uphold the highest standards of personal and professional behavior. From the borrower perspective, you serve as an extension of the lender/client, and as such, must exude professionalism at all times.
The following conduct standards are non-negotiable expectations of all Valuation Partners associates:

- NO smoking on assignments
- Use of obscene or offensive language, while on assignment, is strictly prohibited
- Maintenance of business-casual dress/professional dress adherence
- Prompt arrival and timeliness meeting for appointments
- Possession of identification, such as a State I.D. card or drivers license

Communication:
Communication is critical to the relationship between Valuation Partners and our vendors. Appraisers are required to contact us at any point during the appraisal process if a predicament of the following nature arises:

- Delays & Cancellations
- Difficulty accessing the property
- Missed appointments
- Property Issues (zoning, condition, highest/best use, etc.)
- Report delivery deadline

Appraisers are expected to use the Valuation Partners website as their primary form of communication. In order to ensure accurate and unbiased valuations, communication directly with loan officers, or any other individual directly associated with the client, is not appropriate.

Scheduling Parameters:

1. The property access individual must be contacted within 12-24 hours of order receipt.
2. Appraisers are required to notify Valuation Partners immediately to communicate the scheduled inspection date and time even for orders not requiring an interior inspection.
3. If the appraiser is unable to contact the property access individual within the first 24 hours, contact Valuation Partners immediately, as at this time additional contact information will be necessary.

Report Delivery:

1. Reports are due within 48 hours of property inspection, but no later than 4 business days after assignment of the order. Exterior inspection assignments are due within 3 business days after assignment.
2. REPORTS MUST BE SUBMITTED TO OUR WEBSITE IN PDF FORMAT.
3. Do not include an invoice with your appraisal (PDF) report. Please upload your report invoice as an individual attachment.
4. Valuation Partners will specify the client to be named in the report. This information can be found in the “Make report out to:” field of our order.
5. Revisions requested by our QC department must be completed within 24 hours of the initial request.
Post Completion:
In the event that the client expresses concerns in regards to the appraisal report or specifically requests additional reporting measures, Valuation Partners may contact you to comply with such requests, assuming that they are compliant with the Uniform Standards of Professional Appraisal Practice (USPAP), the Real Estate Settlement and Procedures Act (RESPA), the Financial Institutions Reform Recovery and Enforcement Act (FIRREA) and/or the Federal Housing Administration (FHA).

- Post completion requests are considered to be included in the original scope of the assignment and must be addressed within 24 hours of the request.

Quality Assurance:
The Valuation Partners quality objective is to consistently provide a product that conforms to industry standards and which exceeds our clients’ expectations.

Risk assessment is a critical component of mortgage lending. Valuation Partners appreciates the need for high quality collateral analysis and is wholly committed to providing a comprehensive, robust QC program to protect our clients’ investments. Our valuation products are prepared in full compliance with professional appraisal standards (USPAP), the Federal Fair Housing Act, the Community Reinvestments Act, the Dodd-Frank Financial reform act, and relevant state legislation.

To meet Valuation Partners quality objectives, every appraisal report submitted from a vendor is subjected to both administrative and technical review. Our analytic review model is designed to run a set of basic rules against each report to determine completeness and compliance with generally accepted appraisal regulations. In addition, the system is enabled to identify the intended user of the report and run an additional set of queries based on client specific requirements. Immediate feedback is provided to the appraiser and corrections are made prior to submission into the system.

Once the report passes the initial review, a Technical Review is performed by one of our experienced analysts. Valuation Partners utilizes a strong group of both professionals with nationwide review experience.

A Valuation Partners analyst will examine the report to assure compliance to appraisal regulations and standard practices as well as verify that sound appraisal methodology was used to arrive at well supported conclusions. An Appraisal Quality Score (AQS) for the report will be generated based on the analysts findings, and the score will be stored in the database for reporting purposes. The following schedule is followed by our analysts:
<table>
<thead>
<tr>
<th>AQS</th>
<th>Label</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>Excellent</td>
<td>Appraisal report meets USPAP, client, and Valuation Partners Appraisal Guidelines. Report is well developed and value is well supported.</td>
</tr>
<tr>
<td>4</td>
<td>Good</td>
<td>Appraisal report meets USPAP, client, and Valuation Partners Appraisal Guidelines with no major error or omissions.</td>
</tr>
<tr>
<td>3</td>
<td>Satisfactory</td>
<td>Appraisal report meets USPAP guidelines and minimum client and Valuation Partners Appraisal Guidelines. Report contains minor errors which do not have an impact on the appraised value.</td>
</tr>
<tr>
<td>2</td>
<td>Unsatisfactory</td>
<td>Appraisal report does not meet Valuation Partners and/or USPAP or client Appraisal Guidelines. Estimated appraised value is not supported or report contains serious deficiencies.</td>
</tr>
<tr>
<td>1</td>
<td>Reject</td>
<td>Appraisal report does not meet Valuation Partners Appraisal Guidelines. Estimated value of this report does not reflect market value as defined in the body of the report. Due to insufficient data, errors or omissions, a value could not be determined (new report required).</td>
</tr>
</tbody>
</table>

**Continuous Improvement**

*Valuation Partners* is committed to a Continuous Improvement plan that entails immediate communication of industry changes to our appraisers as well as frequent due diligence evaluations of our entire vendor panel. Our robust, on-going Quality Assurance program assures the consistent reliability of our products by requiring that our appraisers perform at the highest standards of customer service, professionalism, and integrity.

*Valuation Partners* appraisers are expected to perform at the highest levels of quality. Appraisal Quality Score results are extracted from each report review and stored in a database. A “preferred” vendor is one who has achieved a minimum score of “3” on every assignment and who maintains an overall average score of 4 or higher.

An incident of a below average report score or an overall quality score of below “3.5” will result in the appraiser being placed on a Watch List. Watch List appraisers will be audited on a monthly basis. An appraiser who receives consistent below average quality scores will be placed on the suspended list.
Any information alleging appraiser misconduct including; gross negligence, misrepresentation, fraud, collusion or incompetence will be fully investigated by the National Quality Assurance Manager. Substantiated incidents of misconduct are swiftly and conclusively managed with immediate removal from the Valuation Partners vendor panel.

<table>
<thead>
<tr>
<th>Appraiser Status</th>
<th>Detail</th>
<th>Actions</th>
<th>QA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Preferred</td>
<td>Maintains a Good to Excellent Quality Score</td>
<td>Receives Priority Order Status</td>
<td>Standard</td>
</tr>
<tr>
<td>Approved</td>
<td>Maintains an Average to Good Quality Score</td>
<td>Eligible for all Orders</td>
<td>Standard</td>
</tr>
<tr>
<td>Pending</td>
<td>Application Received</td>
<td>Not Eligible for Orders</td>
<td>N/A</td>
</tr>
<tr>
<td>Watch</td>
<td>Average to Below Average Quality Score</td>
<td>Eligible for all Orders</td>
<td>100% Audit at Month End</td>
</tr>
<tr>
<td>Suspended</td>
<td>Suspended Pending Final Disposition</td>
<td>Not Eligible for Orders</td>
<td>N/A</td>
</tr>
<tr>
<td>Removed</td>
<td>Removed for Cause</td>
<td>Not Eligible for Reinstatement</td>
<td>N/A</td>
</tr>
</tbody>
</table>

Payment:
Under no circumstances are you to accept any form of payment from the property owner, borrower or any Realtor. If a homeowner has questions regarding fees or payment, please provide them with Valuation Partners contact information and direct them to notify a company representative. Invoice each report directly for any and all services rendered as the result of an order. Valuation Partners distributes payment for services 30 days after acceptance of your invoice and appraisal report. We comply with all state guidelines concerning prompt pay to vendors.

General Terms:
Vendors agree that they will be acting as an independent contractor and not as an employee of Valuation Partners, and as such, acknowledge and agree to the following terms:

- Agree to provide appraisal products and services when requested by Valuation Partners in accordance with policies, procedures and statement of work.
- We make no agreement or otherwise provides any guarantee of the volume or frequency of business from Valuation Partners
- Agree to adhere to and comply with the production, customer service, and quality requirements of Valuation Partners as may be amended.
• Agree to physically inspect the subject property for every Valuation Partners order assignment. The property inspection must be a personal, on-site inspection and cannot be a “virtual” inspection. Both, the interior and exterior must be inspected unless the assignment dictates otherwise.

• Agree to transmit all appraisals electronically in accordance with Valuation Partners requirements.

• Understand that you are responsible for adherence to local jurisdictional requirements.

• Understand that you are responsible for payment of respective local, state, and federal taxes.

• Agree to maintain your own subscription to relevant data sources including MLS coverage.

• Agree to maintain your own Errors and Omissions coverage, proper auto insurance, and workers compensation insurance.

• Agree to NOT base, either partially or completely, the appraisal analysis and/or opinion of market value on any of the following:
  
  a. Race, cultural origin, religion, sex, age, marital status, handicap, familial status or personal affiliations either the prospective owners or occupants of the properties in the vicinity of the subject property.
  
  b. Predetermined opinions and/or conclusions, such as the property owner’s estimate of value or any other estimate of value provided by the lender/client, Realtor, broker or any other party related to the subject property or any transaction where the subject property is involved.

• The Valuation Partners Policies and Procedures are incorporated by reference and made part of the acceptance of any assignment.

• Any Valuation Partners policies and procedures disseminated may not be duplicated or transferred to any other person or entity without prior written authorization.

• Agree to notify Valuation Partners of any changes to personal contact information, including changes to home and/or mailing address, email address, contact phone number(s), name, etc. within 30 calendar days of the changes.
Agree to all aspects of the following privacy policy:

**Data Sharing & Confidentiality:** Real Estate Valuation Partners and its customers will provide appraiser fee panel members with customer information (e.g. name, property, address, phone number and personal affiliation or relationship) in order for the appraiser to conduct an appraisal for the customers of Valuation Partners. The appraiser shall maintain the confidentiality of all customer information provided or related to the appraisal and use it only for the purposes of providing appraisal services to Valuation Partners. The appraiser agrees to handle all customer information consistent with this privacy policy, available upon request and applicable federal and state laws and regulations, including but not limited to Title V, Gramm-Leach-Bliley Act (15 USC 6801 et seq.) and its implementing regulations (16 C.F.R. sec. 313). The appraiser specifically acknowledges that they are strictly prohibited from directly or indirectly selling, loaning, renting, transferring, disclosing, conveying, or otherwise making available to any third party any customer information provided or related to appraisal services without the express prior written consent of Real Estate Valuation Partners.