



Policies and Procedures

Absolute Value Management (AVM) Corp. an Appraisal Management Company (AMC) owned and operated by Appraisers has adopted the following written policies and procedures to insure full compliance with the Appraiser Independence Requirements (AIR) as outlined in the Dodd-Frank Act.

The topics covered include; Appraiser Independence Safeguards, Borrower's Receipt of Appraisal, Appraisal Panel Eligibility, Appraiser Engagement, Appraiser Payment, Prevention of Improper Influences on Appraisers, Confidentiality, Appraiser Independence Requirements (AIR), Appraisal Quality Control Testing of Appraisals, Referral of Appraisal Misconduct Reporting, Representations and Warranties, Scope of Code, in addition to training and disciplinary rules regarding appraiser independence which includes all the principles and rules as detailed in the Dodd-Frank act.

As a company of Appraisers, founded by Appraisers, AVM recognizes the importance of protecting the integrity of the appraisal process and fully supports Appraiser Independence. AVM operates in compliance with all applicable areas of the Dodd-Frank Act. Our clients have the peace of mind knowing that selecting AVM as their vendor partner ensures compliance with all aspects of AIR.

AVM affirmatively states that it has mechanisms and procedures in place to ensure the adherence to these policies and procedures as well as report and discipline anyone who violates these policies and procedures.

Section I – Appraiser Independence Safeguards

AVM considers appraisal independence to be of utmost importance. The development and reporting of accurate, independent, unbiased and reliable appraisals is our primary focus. All of our Staff members as well as all appraisers involved in the process are required to strictly adhere to all provisions of Appraiser Independence. Only an Appraiser who is Licensed or Certified by the State in which the property to be appraised is located are utilized.

AVM does not have their appraisers engage in pre appraisal valuation analyses (comp checks). In addition, loan amounts and or estimated values are not provided to the appraiser. AVM does not accept appraisal orders where the client outlines a predetermined, desired, target, and or preliminary value. Appraisers are paid their full fee in a timely manner regardless of the outcome of the valuation. Appraisal fees are never based on any predetermined outcome. All completed assignments contain a Certificate of Independence when delivered to our client.

With the aid of our Appraisal Independence Hotline (617-391-0000) we not only comply with all applicable requirements for appraiser independence, we are committed to support those who feel they have been subjected to influence in the appraisal process. AVM reports to and fully cooperates with authorities in regards to anyone who attempts to influence an appraiser or appraisal process.

Section II - Borrower Receipt of Appraisal

Federal regulations state that the lender shall ensure the borrower is provided a copy of the appraisal. Unless given clear written instruction AVM does not provide anyone other than the client a copy of appraisal reports. AVM will assist the client in fulfilling their obligation of supplying a borrower with a copy of an appraisal report in any manner determined by the client.

Section III - Appraisal Panel Eligibility

AVM maintains a fully qualified and vetted panel of appraisers throughout our entire coverage area. Only State Certified Licensed Appraisers are eligible for our panel. The Appraisal Subcommittee database (ASC.GOV) is checked at signup and on a regular basis to investigate appraisers for any new disciplinary actions and verify license renewals. In addition to licensing verifications sample appraisal reports are reviewed to confirm abilities, must be actively performing appraisals as their primary profession, E&O policy verified to be current and in place and a background check is performed on all new vendors to increase borrower's confidence at the time of inspection.

AVM requires vendors to sign a contract agreeing to our strict zero tolerance policy in regards to AIR guidelines and has a well-defined process for removing an appraiser from our panel who continually fails to deliver a product or level of service which offers the quality, turn time, status notifications, and compliance to USPAP, Dodd-Frank Act and other industry guidelines.

Section IV - Appraiser Engagement

AVM is responsible for appraiser selection, retention and compensation. Our system will only allow appraisers who have an active status in our system to be considered for an assignment. The system continually runs verifications against the ASC.GOV online database to ensure the appraiser's license is in good standing. In addition to this the system checks that the E&O insurance on file is current and not about to expire. If either of these automatic checks returns a negative result the status of that appraiser is immediately changed to inactive. This ensures that we do not assign an appraisal to a vendor who has become ineligible after the initial panel signup verification period. The ongoing maintenance of our appraisal panel ensures all active appraisers have valid current licenses, taken their required continuing education and have current E&O insurance in place. When selecting an appraiser for an assignment, AVM considers the following:

- Verify is not on the Client's or intended Lender's exclusionary list
- Distance to subject property
- The appraiser's competency to perform the order type
- Quality of prior appraisal reports
- Service and turn times
- Current capacity and work load of that particular appraiser

Section V - Appraiser Payment

AVM is responsible for paying appraisers. Payments are made in full in a timely manner, within the timeframe outlined in our vendor agreement. Payments for assignments completed per the scope of work stated on the engagement letter are never withheld or threatened to be withheld in an attempt to pressure an appraiser. An appraiser is never required to adjust an appraised value as a condition for payment, for the promise of future work or increased compensation.

Section VI - Prevention of Improper Influences on Appraisers

AVM is a privately held corporation founded and run by Appraisers. AVMs relationship with its clients is fully Dodd-Frank compliant and has implemented written policies and procedures to support and insure the integrity of the appraisal process.

AVM's policies and communication software tracks all entries related to appraisal orders. This includes appraiser, lender or internal staff comments. Our systematic process ensures that only authorized and properly trained internal staff members communicate with appraisers. Internal communication with the appraiser will be provided upon request. In addition, AVM's compliance with the Code supports appraisal products portability.

Section VII – Confidentiality

All AVM employees and vendors sign a strict confidentiality agreement verifying their commitment to comply with all federal, state and local laws, rules, regulations and ordinances relating to privacy rights including, without limitation, the Gramm-Leach-Bliley Act ("GLBA"). All information regarding the borrower and subject property is treated as confidential. Appraisers on the AVM panel must conduct themselves in accordance with the Ethics Rules contained within USPAP and protect the confidential nature of the information regarding any transaction.

Policies and procedures have been put in place by AVM, our staff and vendors to:

- Ensure the security and confidentiality of the "nonpublic personal information" of "customers" and "consumers" as defined in GLBA
- Protect against any threats or hazards to the security and integrity of such nonpublic personal information
- Protect against any unauthorized access to or use of such nonpublic personal information.

Section VIII - Appraiser Independence Requirements (AIR)

AVM fully supports Appraiser Independence Requirements (AIR) as outlined in the Dodd-Frank Act. AVM has experienced Staff members who believe these provisions will assist in safeguarding the independence of appraiser's while enhancing the lender's ability to reduce unprofessional appraisal practices, maintain quality controls on appraisals in its portfolio and greatly reduce the risk of loan buy backs due to valuation issues.

Section IX - Appraisal Quality Control Testing

Our quality control process includes both electronic and manual appraisal review. This frequently requires additional data and/or explanation from appraisers for clarification or support of their value conclusions. This is consistent with Appraiser Independence.

AVM will manage the lenders appraisal procuring process and conduct quality controls of those reports. In addition to an automated software based review, individual appraisals will undergo a compliance screening by trained staff. AVM will provide appropriate reporting of appraisal quality to ensure the lender's compliance with the Dodd-Frank.

Section X - Referral of Appraisal Misconduct Report

AVM is aware that if any client and or lender has a reasonable basis to believe an appraiser or Appraisal Management Company (AMC) is violating applicable laws, or is otherwise engaging in unethical conduct, the client and or lender will refer the matter to the appropriate authorities.

Section XI - Representations and Warranties

AVM policies and procedures are in full compliance with the Appraiser Independence Requirements as outlined in the Dodd-Frank Act. Therefore our clients and lenders can rely on us as a vendor partner in their representations and compliance warranty's to the GSEs.

Section XII - Scope of Code

AVM is aware that nothing in the Code shall be construed to establish new requirements or obligations which:

- Require a lender to use a particular method for property valuation
- Affect the acceptable scope of work for an appraiser for a particular assignment
- Require the lender or third party to take any action prohibited by law