

Maureen Sweeney, SRA, AI-RRS

Appraisal Subcommittee Fourth Public Hearing on Appraisal Bias

Written Testimony of Maureen Sweeney, SRA, AI-RRS, RAA

Madam Chair and members of the Appraisal Subcommittee, I thank you for the opportunity to be here today. I represent no professional or not-for-profit organization, rather, I represent the independent fee appraiser in this fourth Public Hearing on Appraisal Bias. The following comments and experiences are my own.

My name is Maureen Sweeney, and I am a certified real property appraiser. I grew up in a real estate family and lived through the savings and loan crisis of the 1980's, which had a profound impact on my life. I witnessed first-hand illegal and unethical behavior in the real estate and mortgage industry towards homeowners. Through that experience, my greatest concern was, "who is protecting the public trust?" In 1989, Congress enacted Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA). With this decision by Congress, I decided I wanted to be an appraiser. The appraisal profession was and still is the primary service provider in the mortgage industry that promotes and maintains the public trust in housing finance by being transparent and neutral. Real property appraisers were the first profession in the mortgage industry who were licensed, and we are the only profession with federal oversight. The appraiser is the only person involved in a real estate transaction with no vested interest in the outcome. Our only assignment is to accurately analyze market derived data and report the market value of the property.

An appraiser is "one who is expected to perform valuation services competently and in a manner that is independent, impartial, and objective..." (*USPAP, 2024 Edition*, The Appraisal Foundation). [An appraiser must not advocate the cause or interest of any party or issue and must not agree to perform an assignment that includes the reporting of predetermined opinions and conclusions.](#) This may cause some to get angry, especially when their commission is at stake, a property does not sell, or a homeowner cannot get a home equity loan to update their kitchen or repair the roof. The lender may have reasons to reject a mortgage application that has nothing to do with the appraised value of the property. The borrower may not qualify for the loan, they may have an inadequate credit score, or their income may not be sufficient to cover the loan. Because the appraiser is often the only party in the mortgage process who personally meets the homeowner, the appraiser may become the target of the homeowner's disappointment, even if the reason for rejection of a loan has nothing to do with the market value of the property.

I love being a residential appraiser and being part of the home ownership process. We observe, collect data and verify it through credible sources, we analyze our data, and we report our findings in a manner that is meaningful and not misleading to our clients. Sometimes the negotiated price between the buyer and seller is supported by the market. Sometimes it is not. When the appraised value is less than the purchase price, this is an opportunity for the buyer and seller to renegotiate the sale price of the property, make up the difference in cash, or walk away from the deal. The buyer may also request a Reconsideration of Value (ROV).

Reconsideration of Value

The ROV is an underutilized and misunderstood part of the process that, when used correctly, could eliminate many of the concerns around bias being argued today.

[An ROV is a request by the lender, on behalf of the borrower, to the appraiser to reconsider their conclusion of value based on information not presented in the appraisal report.](#) It is easier for a homeowner or their broker/agent to provide property information, sale and listing data to the appraiser **before** the appraisal report is sent to the client than **after** the appraisal report is sent. Currently, different lenders have different ROV policies. Further, many Appraisal Management Companies (AMCs) do not allow appraisers to communicate directly with the lender. To help create uniformity in the ROV process and to help the public, the lending community, and the appraisal profession, the Department of Veterans Affairs Tidewater Initiative process, or something similar, should be implemented as a best practice.

[The Tidewater Initiative process](#) allows the appraiser to request relevant market data during the appraisal process that may support the sale price for a purchase, which is also known as “invoking the Tidewater Initiative.” The lender notifies the parties involved in the sale. The lender has 2 days to provide the appraiser with any relevant information. If the information provided does not change the appraiser’s conclusion of value, the appraiser is required to explain why the provided data was not used in the appraisal report.

The Tidewater Initiative does not apply to the refinancing of a mortgage loan. The purpose of Tidewater Initiative is to reduce the amount of ROVs in a purchase transaction, and it has worked.

If the borrower still disagrees with the information in the appraisal report after the Tidewater process is completed, the borrower can still request an ROV. The borrower can submit up to three recent sales they believe are comparable that were not included in the original appraisal. The appraiser will consider the provided sales and explain in writing why those sales were or were not used in the development of the appraisal report.

Appraiser Oversight and the Current Regulatory System

What happens if the lender or the borrower believes there is a problem with the appraisal report? Per [appraiser’s professional standards](#), an appraiser must not perform an assignment with bias, must not advocate the cause or interest of any party or issue, and must not agree to perform an assignment that includes the reporting of predetermined opinions and conclusions. Appraisers must not mislead or defraud, and must not use or rely on conclusions relating to characteristics such as race, color, religion, national origin, gender, marital status, family status, age, receipt of public assistance income, handicap, or a conclusion that homogeneity of such characteristics is necessary to maximize value. Further, appraisers must not engage in criminal conduct. All states and territories have parts, or all of [The Uniform Standards of Professional Appraisal Practice](#) (USPAP) referenced or incorporated into their laws. Violations of USPAP can result in an appraiser being disciplined by a state regulatory agency. The discipline may include suspension or revocation of their appraisal license.

From 2005 through 2017, I had the honor to serve the citizens of Illinois as a member of the Illinois Real Estate Appraisal Administration and Disciplinary Board with the Illinois Department of

Financial and Professional Regulation (IDFPR). For the first few years, I was the only certified residential appraiser on the Board. Complaints from homeowners and appraisers were numerous. I viewed hundreds of complaints and appraisals leading to, during, and after the Housing Crash of 2008. The question I kept in the back of my mind was, “is this a valid complaint?” In the process of interviewing appraisers who appeared before the Board, we often learned that some appraisers did not learn the appraisal techniques. The appraiser thought their work was perfectly fine, when in fact, it was poor appraisal practice. Those appraisers did not know what they didn’t know. What was at first glance an ethical violation, was instead a competency issue.

Deficiencies of competency can be corrected through education. An ethical violation is more difficult to prosecute because one must prove intent. Did the appraiser intend to mislead? Did the appraiser intend to advocate for their client? Did the appraiser intend to be biased? Where does the intention show up in the report? Ethical violations are also more difficult to correct. An ethical violation is a serious matter, and a report with a potential ethical violation must be submitted to the state licensing agency for proper review.

If this is not clear by now, let me be very clear: any appraisal that is developed with bias MUST be submitted to the licensing agency of the state where the appraisal occurred. There has been much discussion of appraisal bias in the press. Bias may include racial bias, gender bias, ethnicity bias, age bias, appearance bias, disability bias, political affiliation bias, and socioeconomic status bias. If someone believes an appraisal was developed with bias, they must use the systems that are in place that the Appraisal Subcommittee oversees. If an appraiser is found guilty of developing an appraisal with bias or any other of the ethical violations noted earlier, disciplinary action is appropriate. In some instances, suspension or revocation of their licenses may be warranted.

It is my experience that some of the most valid complaints to the Appraisal Division of the Illinois Department of Financial and Professional Regulations (IDFPR) were generated by homeowners who were concerned that their appraisal report was incorrect, as well as appraisers, who were doing their best to protect the public trust and use the systems in place to file complaints for investigation.

Before the housing crash of 2008, I spoke at the Federal Deposit Insurance Corporation/U.S. Department of Justice 2007 Financial Crimes Conference in Chicago, IL. In 2007 real estate appraisal issues were low on many law enforcement agencies’ priority list. The most an appraisal board could do was to revoke, suspend, or terminate an appraiser’s license. When state agencies turned for help on criminal matters such as [identity theft of over 600 reports by one licensed professional](#), many law enforcement agencies did not have the funds in their budgets or the staff to do the work. It was frustrating for those of us who were witnessing bad things happening to innocent homeowners. Eventually, mortgage fraud task forces formed throughout the country to address the growing list of mortgage related state and federal crimes. Most mortgage fraud task forces included at least one member who was competent in appraisal related matters.

Appraisal fraud is illegal, and so is discrimination by appraisers in conducting home appraisals. [Appraisal bias refers to bias based on race, ethnicity, or national origin in the opinion of value rendered by a professional appraiser.](#) It is so concerning that the Appraisal Subcommittee has conducted three public hearings on this topic, and I am honored to be part of the fourth meeting. Appraisal Bias is concerning enough that the Interagency Task Force on Property Appraisal and

Valuation Equity (PAVE) was created. Appraisal bias is concerning enough that the Appraisal Standards Board of the Appraisal Foundation updated the Ethics Rule in the 2024 Uniform Standards of Professional Appraisal Practice (USPAP) to include a new section titled Nondiscrimination; this section clarifies that appraisers must have knowledge of, and comply with, antidiscrimination laws and regulations that apply to the appraiser or to the assignment. Appraisal bias is concerning enough that states like Texas have created partnerships between their civil rights agencies and their appraisal licensing and certification boards. Involving qualified appraisers in the investigation and prosecution of bias claims not only ensures fairness and thoroughness in the investigation process, it also lets the consumers know that their appraisal bias complaints are investigated by professionals with deep knowledge in fair housing, as well as appraisal standards and regulations.

Before the investigations can take place, complaints need to be made. Appraisers and property owners are not the only ones who should direct problematic appraisal reports to their state licensing agencies; the agencies that are here today should as well. [The Truth in Lending Act](#) states in 15 U.S.C. 1639e(e) under Mandatory Reporting: “Any mortgage lender, mortgage broker, mortgage banker, real estate broker, appraisal management company, employee of an appraisal management company, or any other person involved in a real estate transaction involving an appraisal in connection with a consumer credit transaction secured by the principal dwelling of a consumer who has a reasonable basis to believe an appraiser is failing to comply with the Uniform Standards of Professional Appraisal Practice, is violating applicable laws, or is otherwise engaging in unethical or unprofessional conduct, **shall** refer the matter to the applicable State appraiser certifying and licensing agency.”

In addition, [Interagency Appraisal and Evaluation Guidelines](#) (December 2, 2010) gave guidance to its members. On page 23, it states: “An institution should file a complaint with the appropriate state appraiser regulatory officials when it suspects that a state certified or licensed appraiser failed to comply with USPAP, applicable state laws, or engaged in other unethical or unprofessional conduct. In addition, effective April 1, 2011, an institution must file a complaint with the appropriate state appraiser certifying and licensing agency under certain circumstances.” Further, on page 16, it states: “When using a third party, an institution remains responsible for the quality and adequacy of the review process, including the qualification standards for reviewers.”

The [Interagency Appraisal and Evaluation Guidelines](#) continues page 23: “An institution should file a complaint with the appropriate state appraiser regulatory officials when it suspects that a state certified or licensed appraiser failed to comply with USPAP, applicable state laws, or engaged in other unethical or unprofessional conduct.” In addition, effective April 1, 2011, “an institution must file a complaint with the appropriate state appraiser certifying and licensing agency under certain circumstances.

“An institution also must file a suspicious activity report (SAR) with the Financial Crimes Enforcement Network of the Department of the Treasury (FinCEN) when suspecting fraud or identifying other transactions meeting the SAR filing criteria. Examiners finding evidence of unethical or unprofessional conduct by appraisers should instruct the institution to file a complaint with state appraiser regulatory officials and, when required, to file a SAR with FinCEN. If there is a concern regarding the institution’s ability or willingness to file a complaint or make a referral,

examiners should forward their findings and recommendations to their supervisory office for appropriate disposition and referral to state appraiser regulatory officials and FinCEN, as necessary.” The Interagency Appraisal and Evaluation Guidelines said institutions should file complaints, but do they? It does not appear that they do.

The current U.S. appraisal regulatory system is not effective for all stakeholders because lenders and agencies are not clearly identifying USPAP violations in the appraisal reports and filing complaints with the regulatory agencies. Rather than report potential problems to the regulatory agencies, financial institutions and AMCs fire or refuse to work with appraisers, who have no idea they were rejected by the AMC. I saw very few complaints in Illinois from the banking organizations regulated by the agencies making up the Federal Financial Institutions Examination Council (FFIEC). The FFIEC consists of the Board of Governors of the Federal Reserve System (FRB), the Federal Deposit Insurance Corporation (FDIC), which has 4,135 banks; the National Credit Union Administration (NCUA), which has 4,712 credit unions; the Office of the Comptroller of the Currency (OCC), and the Consumer Financial Protection Bureau (CFPB). Since 1991, complaints filed in Illinois on appraisers from the FRB were zero, the FDIC was 11, the NCUA were zero, the OCC were zero, and the CFPB were zero. As an aside, complaints since 1991 from FHA (HUD) were 2, Freddie Mac were 2, VA were zero, and Fannie Mae submitted 582 complaints, with only 11 ever being adjudicated. It should be noted that Fannie Mae started sending complaints to the IDFP in 2004. Of the national banks, JP Morgan Chase submitted 1,343 complaints with only 12 ever being adjudicated; JP Morgan Chase began sending complaints to the IDFP in 2002.

Regulatory systems from the Appraisal Subcommittee, as well as state licensing and regulatory agencies are in place to investigate complaints and prosecute appraisers if necessary. It does not appear that the members of the FFIEC are following their Interagency Appraisal and Evaluation Guidelines, nor are they using the already established investigation and disciplinary systems in place. They should and must.

Will the Type of Appraisal Assignment Reduce Appraisal Bias?

An appraisal is “(noun) the act or process of developing an opinion of value; an opinion of value...” (*USPAP, 2024 Edition*, The Appraisal Foundation). The appraiser has many forms to choose from to communicate the opinion of value to the client. The forms have suggested scopes of work, which are embedded in the forms. Along with “traditional” appraisals, where a licensed appraiser inspects the property, there are hybrid appraisals and desktop appraisals, in which the data may be collected by non-appraisers. With all the various appraisal options and forms to use, it is the appraiser who certifies, when they sign the report, that the conclusion of value are credible, which includes being free of bias. As stated previously, bias is an ethical violation. If there is bias, the form is not ethically compromised, it is the appraiser who fills out the form.

The Three Approaches to Value in the Valuation Process

In the Valuation Process, there are three approaches to value:

- Cost Approach: this step derives an indication of value by estimating the current cost to construct a reproduction or replacement of the existing structure, including entrepreneurial incentives, deducting depreciation from the total cost, and adding the estimated land value.

How much does it cost to build the same or similar property? The Cost Approach addresses this question.

- Sales Comparison Approach: this is the process of deriving an indication of value for the subject property by comparing market information for similar properties with the property that is being appraised. The sales comparison approach is based on the principle of substitution, which states that a buyer will not pay more for one property when several similar properties are available; the property with the lowest price will attract the greatest demand. What is my house worth when compared to my neighbor's house? The Sales Comparison Approach addresses this question.
- Income Capitalization Approach: this step converts income to an indication of value. How much money can I make from this property? The Income Capitalization Approach addresses this question.

Some pundits would love for the sales comparison approach to go away in favor of the cost approach to value. The cost of materials to build a property in two separate locations may be the same, but what about the cost of the land? The most reliable indication of site value is the sales comparison approach to value. What one buyer may pay for a vacant lot across the street from Central Park on Fifth Avenue in New York City may be a very different price than what another buyer pays for a same sized parcel in rural Illinois. The cost of the materials may be the same or similar, but the value of the land is dramatically different. In addition, the cost approach is not applicable when appraising a condominium unit because the ownership in the common elements of a condominium association cannot be divided. Common elements typically include the site where the improvements are located, sidewalks, the exterior walls, foundation, and roof; as well as hallways, entryways, and amenities such as storage, exercise facilities, party rooms, and mailboxes.

As stated previously, appraisers analyze and reflect the market. The best indicator of what a willing buyer will pay, and a willing seller will accept is the sales comparison approach to value. It cannot be excluded from a credible determination of the market value of property.

Impediments to Recruiting New People into the Appraisal Profession

I love being a residential appraiser, yet I am reluctant in recommending the next generation to take the long journey in becoming an appraiser who develops appraisal reports for federally related transactions. It is not because of the educational criteria to become an appraiser. It is not because of the number of logged supervised experience hours required to become an appraiser. It is not because of the national exam. It is because independent appraisers are essentially forced to work for Appraisal Management Companies (AMCs).

Until state licensing came about, the AMC was the unregulated, profit driven entity between the regulated lender and the regulated appraiser. In 2009 when the Home Valuation Code of Conduct was adopted, many of the large national lenders had their own AMCs. The AMCs add an additional layer of bureaucracy which resulted in additional fees added to the reported appraisal fee listed on the closing documents. Even today the AMCs' fees are not disclosed separately on the settlement statement and these fees are being paid for by the consumers. Despite the extra work for each appraisal report generated by the AMCs, appraisers rarely receive additional payment, and in many

cases, the fees paid to the appraisers have declined. Today the AMCs take the place of in-house appraisal departments in banks and other lending institutions.

The 2010-2011 version of USPAP defined the client as, “the party or parties who engage an appraiser (by employment or contract) to a specific assignment...” The public knew who was ordering the appraisal report. However, the Interagency Guidelines hid the involvement by the third-party AMC, who is an agent of the lender. On page 20, it states, [“An institution should ensure that when a third party engages an appraiser or a person who performs an evaluation, the third party conveys to that person the intended use of the appraisal or evaluation and that the regulated institution is the client.”](#) This allowed for the AMCs to be hidden in the process.

When the HUD-1 was revised to the more modern settlement statement, appraisers, their professional organizations, and state appraisal coalitions requested that the appraisal fee and the AMC fee were separate line items, which would have given transparency to the consumer. The CFPB decided against this recommendation. Today, when an AMC is involved in the transaction, most consumers do not know the compensation paid to the appraisers and what the AMC charged. As of today, there is no national oversight of the cost to the consumer from AMCs or what consumers pay for appraisers for their reports. Appraisers transmitting reports to the client through an AMC are often restricted by the AMC from including invoices with their completed reports. Does the lender/client know the actual cost of the appraisal report? Likely, no. The public has no idea they are paying additional fees charged by AMCs at the expense of the appraisal profession.

Several banks and title companies eventually sold their interests in the AMCs. One of the big buyers was CoreLogic, a Fortune 100 company that was acquired by Stone Point Capital and Insight Partners, a global venture capital and private equity firm. Unlike licensed and certified appraisers, [CoreLogic is beholden to their shareholders and not the public trust](#). In August 2015, LandSafe Appraisal Services, the AMC for Bank of America, was purchased by CoreLogic for \$122 million (<https://www.housingwire.com/articles/35447-heres-how-much-corelogic-paid-bank-of-america-for-landsafe/>). In January 2016, [RELS, LLC, the AMC owned in partnership with Wells Fargo, was purchased by CoreLogic for \\$65 million. CoreLogic also acquired Marshall & Swift](#), a building cost information source that appraisers use to help develop the Cost Approach to Value.

The AMCs regularly impose additional costs of doing business, including “technology fees” and “uploading” charges to transmit the appraisal report to the client through their transmission portal or the AMC. Technology fees can range from \$10.00 to \$60.00 per report. Uploading fees can range from \$8.00 to \$40.00 per transmission. If an appraiser wishes to send their appraisal report to the client, they have no other option than to pay additional technology fees and upload charges to companies, including Mercury Network and Appraisal Port.

Another concern I have for anyone entering the appraisal profession is the control of the data, the information in the appraisal report, photos, and conclusion of value. My appraisal software provider is Total by a la mode technologies, LLC. (ALM). In 2018, [CoreLogic acquired this appraisal software company for \\$120 million](#). In the End User License Agreement it states, that “ALM may retain and use information collected in Your use of the Software. ALM will not share information association with You with any third parties... (ii) unless ***we conclude*** that it is required by law or a good faith belief that access, preservation or disclosure of such information is reasonably necessary to protect the rights, property or safety of ALM, its users or the public; or (iii) ***except as***

we determine to be appropriate in furtherance of one or more third party's performance of tasks on ALM's behalf with strict restrictions that prevent the data from being used or shared **except as directed by ALM**. When this is done, it is subject to agreements that oblige those third parties to process such information only on ALM's instructions and in compliance with this Agreement and appropriate confidentiality and security measures."

It is not clear what ALM is doing with the data. ALM does not have to tell anyone who inputs their report information on their forms or transmits it through their portals, including Mercury Network and Appraisal Port, appraisal vendor management software that transmits appraisal reports. The consumer trusts that the information regarding their home is safe, including interior photographs. Unfortunately, there is no transparency if the data goes beyond the client, as well as who profits.

The following is the End User Licensing Agreement with ALM, which is referenced above:

TOTAL - End User License Agreement

TOTAL

by a la mode

5. INFORMATION RIGHTS. ALM may retain and use information collected in Your use of the Software. ALM will not share information associated with You with any third parties (i) unless we have Your consent; (ii) unless we conclude that it is required by law or a good faith belief that access, preservation or disclosure of such information is reasonably necessary to protect the rights, property or safety of ALM, its users or the public; or (iii) except as we determine to be appropriate in furtherance of one or more third party's performance of tasks on ALM's behalf (e.g., billing or data storage) with strict restrictions that prevent the data from being used or shared except as directed by ALM. When this is done, it is subject to agreements that oblige those third parties to process such information only on ALM's instructions and in compliance with this Agreement and appropriate confidentiality and security measures.

6. SECURITY. You agree that you will not attempt to compromise the security on the ALM servers by

Close

ALM is not alone with retaining data provided by the appraiser. Class Valuation, LLC's Master Agreement and Appraiser Guidelines Terms & Conditions states under item H: "Intellectual Property and Data Collection. Class Valuation retains all right, title and interest in and to any and all technology employed by Class Valuation to manage the services, and all software code, databases, website content, algorithms, queries, interfaces, structure and organization, including data collected or delivered by the Appraiser to Class Valuation at any time (collectively, the "Class Valuation IP"). Class Valuation shall receive a royalty free, irrevocable, perpetual license to utilize any data in the appraisal report for any purpose that Class Valuation shall choose." Based on this language, Class Valuation can utilize any data from the appraisal report, however it wants; this includes confidential information about consumer's homes, including interior photographs. How is this protecting the public trust? The Class Valuation Master Agreement is attached to this testimony.

Why are property data collectors hired when there are many appraiser trainees who are licensed who can do the interior inspections? In Class Valuation's Master Agreement, the appraiser must be licensed, insured, competent, and ethical. What about Class Valuation's data collectors? In Michigan a videographer/property data collector contacted the listing agent to gain access to an occupied house. The broker did not know the property data collector, so she googled his name. Pashal Uchendu was a convicted felon who was awaiting sentencing for orchestrating a \$1.2 million armed robbery of a courier van. (https://www.justice.gov/usao-wdmi/pr/2022_1102_Uchendu-et-al) Class Valuation hired Mr. Uchendu despite his criminal background and pending legal issues. Who is protecting the consumer and public trust, especially against robberies, sex crimes, or other criminal activities?

Property data collectors are encouraged to use data collections apps. Who controls the data on the data collection apps? Where does that data go? CubiCasa is a scanning app (www.cubi.casa), whose headquarters are based in Finland. In 2021, CubiCasa was acquired by Clear Capital, a real estate investment firm (www.clearcapital.com) I recently was at a real estate event where a representative of CubiCasa was on stage. He shared that the data was analyzed outside of the United States. This is a problem, especially when protection laws are different in different countries. Who is protecting the American public when videos of the interior of a private consumer's home, which may include personal photos of family members and personal items, are taken? Further, who else has access to that data? It is unknown. What is known is that the data must be protected and access to data must be controlled.

There are more than a few FFEIC lenders who do not allow appraiser trainees to sign appraisal reports, even when the appraiser trainee is supervised by a supervisory appraiser, who co-signs the report. To help with the appraisal shortage and lack of diversity, as well as assisting appraiser trainees with fulfilling their state's obligations to obtain a license, the appraiser trainees should be permitted to sign the reports they developed. This would allow transparency in the reporting process, including identifying who the appraiser trainee was and who was the supervisor appraiser.

It takes time, money, and commitment to become an appraiser. In 2013, 95% of my business was for federally related transactions. I worked directly with a local bank. They typically paid me a customary and reasonable fee for a traditional appraisal report. One day I received a phone call from their chief appraiser, informing me that they were starting to use an AMC. If I wanted to continue to work for them, the compensation for an appraisal report would be reduced by 33%. Further, the AMC had additional assignment requirement for each report, which expanded the amount of work to be completed. For me to do business with this lender, I would take a 33% pay cut and have to do more work. If I had an appraiser trainee who I was supervising, the trainee would be paid a portion of this fee. From this fee split, the trainee would pay their business expenses, which typically includes their own appraisal software costs, errors and omission insurance, qualifying education costs, car and office expenses. When all of the expenses are taken into consideration, the trainee is getting paid less than the current minimum wage. This is no incentive to attract new people to the appraisal profession.

Today, when an AMC is involved in the transaction, most consumers do not know the compensation paid to the appraiser and what the AMC charged. In Texas, the AMC Solidifi charged the consumer \$1,100, yet paid the appraiser \$375 for the appraisal report, resulting in the AMC receiving \$725.00. Why?

The following is a portion of a Solidifi order:

Here's the payment section:

Ordered Services: UAD - FNMA 1004 / FHLMC 70 -
Uniform Residential Appraisal
Report

Appraiser's Fee: \$375.00

AMC Management Fee: \$725.00

Total Client Cost: \$1,100.00

Here's the order:



Solidifi PerforMAX™ Order #: [Redacted] Order Status: Awaiting Acceptance

Krieg McEuin - Region Manager - 866-781-0184, 716-948-1275

Order Summary Actions

File Information

Reference #: XXXX
 Appraiser's File #:
 Lender: Bank of America
 Lender/Client address: 7105 Corporate Dr. for Appraisal: Plano, TX 75024
 Appraisal Purpose: Refinance
 Report Delivery Due: 2021-12-22 Date: 11:23:34 PST
 Borrower Name: [Redacted]
 Borrower Phone: [Redacted]
 Underwriter's Name:
 Additional Originator Email:
 Freddie Mac Number: [Redacted]
 UCDP Doc ID:
 AMC License# - Solidifi1312
 US Inc:
 Loan Disclosure Date:
 Channel:
 Estimated Close Date: 2022-03-07

Ordered By (Firm): Bank of America
 Ordered By (Name): Bank of America Ordering User
 Lender/Client name: Bank of America on Appraisal:
 Loan Type: Conventional
 Inspection Due Date: 2021-12-20 11:23:34 PST
 FHA Case Number:
 Borrower Email:
 Borrower Mobile:
 Underwriter's Phone:
 Fannie Mae Number: [Redacted]
 FHA Number: [Redacted]
 EAD Doc ID:
 Occupancy:
 Loan Conforming: Yes
 SLA Date: 2021-12-29
 Borrower Requested: 2022-03-07
 Close Date:

Order Summary

Order Created 2021-12-16 08:00:24 PST
 Order Accepted
 Inspection Scheduled
 Inspection Date
 Completed & Delivered
 Order Cancelled

Co-Borrowers' Information

Co-Borrower 2: [Redacted] Co-Borrower 2 Phone: [Redacted]
 Co-Borrower 3: [Redacted] Co-Borrower 3 Phone: [Redacted]
 Co-Borrower 4: [Redacted] Co-Borrower 4 Phone: [Redacted]

Subject Property

Address: [Redacted] Property Type: Single Family Residential
 City/Town: Stevenson Ranch Lot Size:
 County: LOS ANGELES State: CA
 Square Footage: [Redacted] Zip Code: 91381
 Legal Description:

Appraiser Information

Firm: [Redacted]
 Appraiser: [Redacted]
 Ordered Services: UAD - FRMA 1004 / FHLMC 70 - Uniform Residential Appraisal Report
 Appraiser's Fee: \$375.00
 AMC Management Fee: \$725.00
 Total Client Cost \$1,100.00

Access Instructions

Person to Contact: [Redacted]
 Relationship: [Redacted]
 Day Phone: [Redacted]
 Evening Phone:
 Cell Phone:
 Email:
 Preferred Method of Contact:
 Access Instructions:

Payment Instructions

*** Solidifi to pay appraiser ***

The Dodd Frank Act created enforceable federal appraisal independence standards in the [Truth in Lending Act \(TILA\)](#). In TILA, it states under “[Customary and Reasonable Rate of Compensation for Fee Appraisers](#) :

- “(i)(1) IN GENERAL: Lenders and their agents shall compensate fee appraisers at a rate that is customary and reasonable for appraisal services performed in the market area of the property being appraised. Evidence for such fees may be established by objective third-party information, such as government agency fee schedules, academic studies, and independent private sector surveys. Fee studies shall exclude assignments ordered by known appraisal management companies.
- (i) (3) EXCEPTION FOR COMPLEX ASSIGNMENTS: In the case of an appraisal involving a complex assignment, the customary and reasonable fee may reflect the increased time, difficulty, and scope of the work required for such an appraisal and include an amount over and above the customary and reasonable fee for noncomplex assignments.”

When the consumer in the market that Solidifi is servicing, is being charged \$1,100 for the appraisal report, how can compensation of \$375 to the appraiser be customary and reasonable?

Are there appraisers out there who can do the work? Absolutely. Will we do the work for fees we received in the 1990's? No. I don't know very many appraisers who accept a substantial decline in income, especially in light of the fees the consumers are paying and the bloated amount AMC's are receiving.

Where Do We Go from Here?

- The [Interagency Appraisal and Evaluation Guidelines](#) need to be strengthened. I encourage more oversight by bank regulators, including filing complaints with state licensing and disciplinary agencies.
- More appraiser expertise is needed at the examination level. Hire licensed or certified appraisers in the federal financial institution examining agencies to assist in overseeing the programs at the GSEs, FHA, and VA.
- On appraisals for federally related transactions where an appraiser trainee develops the appraisal report, allow the appraiser trainee to sign the report along with their co-signing supervisory appraiser.
- Make the settlement statement transparent when it comes to appraisal fees. Have a line item for the cost of the appraisal and a separate line item for the cost of the AMC and the technology and portal usage fee. The consumer must know what they are paying for.
- Allow the appraisers to speak directly to the lender/client, instead of going through the third-party agent. This will save time, especially when consumers request an ROV.
- Complaints filed by the regulatory agencies to the state licensing and disciplinary agencies should have merit and should identify where the USPAP infraction takes place.
- The property data collection process stunts the appraiser trainee's development and hurts the next generation of licensed and certified appraisers. Property data collectors should be replaced with appraiser trainees working towards a career as a licensed or certified appraiser.
- Who controls the consumer's data when it is collected on data collection apps? The data must be protected and access to data must be controlled.

- Alternative valuation products that require the collection of data by specific data apps/applications open the door to a host of problems, including out of country laws, review, and ownership of the data and unlicensed and unaccountable property data collectors. Again, who controls and regulates the data?
- Create a system where appraisal professionals can safely and when needed, anonymously report misdeeds by financial institutions and AMCs who violate appraiser independence requirements, as well as a system to investigate and prosecute the complaints when warranted.

I believe that people who choose to work in public service, including working with the FFIEC, want to protect the public trust and I believe that the [Interagency Appraisal and Evaluation Guidelines](#), a policy approved in 2010, failed the appraisal community, failed the public trust, and greatly benefited profit driven businesses that have no accountability to the public or the public trust. The current system rewards cheap and fast.

I believe we all can do better, and we must do better.

Maureen Sweeney, SRA, AI-RRS, RAA

January 17, 2024

Terms & Conditions

Class Valuation, LLC Master Agreement

By accepting an order electronically or by other means, Appraiser confirms that they have read and agree to the terms of this agreement.

Appraiser Guidelines

Class Valuation, LLC ("Company") is engaged in the business of providing appraisal services to various mortgage lenders throughout the United States, and the Appraiser wishes to provide appraisal services to the Company as an independent contractor. Appraiser acknowledges and agrees that Appraiser's services are being performed for the benefit of various mortgage lenders in connection with residential mortgage lending transactions and the parties hereby expressly acknowledge that the mortgage lenders are intended third party beneficiaries of this Agreement. Appraiser is required to notify Class Valuation, LLC of any pending litigation or investigations at the time of onboarding and at any time while on the AMC panel

In consideration of the mutual benefits, covenants and undertakings contained herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the parties, the parties do hereby agree as set forth below.

1) SERVICES

From time to time Company will submit appraisal orders to the Appraiser, the terms of which are hereby deemed incorporated into this Agreement, that set forth the appraisal services to be provided by Appraiser to Company and other related information including the deliverables and timetables (collectively, the "Services"). Appraiser shall use its best efforts to perform the Services in accordance with the terms and conditions of this Agreement. Appraiser's means and methods for performing Services must comply with the terms and conditions of this Agreement (including any applicable appraisal orders); however, Appraiser shall determine the specific means and methods of performing its Services, provided that it complies with the engagement letter.

2) DUTIES AND RESPONSIBILITIES OF APPRAISER

- A. Real Estate Appraisers Professional Liability Insurance. Appraiser agrees that Appraiser will, at all times during the Term of this Agreement, maintain either a blanket policy of Real Estate Appraisers Professional Liability Insurance (Errors and Omissions Liability Coverage) (herein after referred to as "Insurance"), with broad coverage on all Officers, Directors, Employees or other persons acting in any capacity with respect to the appraisal or Insurance for each individual appraiser, in each case, on a claims made and aggregate basis, with minimum liability of \$300,000.00; and Appraiser will, on the Effective Date and on or before each policy renewal date, provide Company with a current certificate of insurance documenting Appraiser's insurance coverage.
- B. License. Appraiser agrees that Appraiser will, at all times during the Term of this Agreement, maintain its appraiser license and/or certification, and cause its employees to maintain their appraiser license and/or certifications, in all states in which Appraiser and its employees are licensed and/or certified to provide appraisal services; and Appraiser will, on the Effective Date and on or before each license renewal date, provide Company with a copy of Appraiser's and its employees' appraiser(s) license and/or certification which accurately reflects Appraiser's and its employees' current address. Appraiser will notify Company of any and all changes in the status of Appraiser's License(s) and/or certification(s) during the course of this Agreement.
- C. Company Requirements, Performance Standards. Appraiser agrees that throughout the Term of this Agreement, Appraiser will provide Company with any and all documentation and information requested by Company. Appraiser also agrees to adhere to Company's standards and practices, including, but not limited to; communication, scheduling and delivery requirements, performance standards, and regulation compliance. Appraiser agrees to furnish the Services; including without limitation, developing the appraisal report, in accordance with the highest standards established by the appraisal profession, the generally accepted appraisal standards as evidenced by the Uniform Standards of Professional Appraisal Practice ("USPAP"), generally accepted ethical standards including the Truth In Lending Act ("TILA") and the Dodd-Frank Act. Appraiser also agrees to complete any assignments within the time period agreed upon between the parties when accepting an assignment from Company. The Appraiser retains the right to accept or reject any assignment when offered by Company, however, in accepting any assignment the Appraiser agrees to and accepts the fees and conditions of each order, and to exercise any due diligence in performing the assignment including completion within the indicated deadline. The Appraiser may decline the order or request a fee increase where necessary. Any such request must include a reasonable explanation which will be provided to the client for consideration. Appraiser understands and agrees that whether Company will request the Appraiser to perform the Services and whether the Appraiser or another person, entity or contractor will be given a particular assignment is in the Company's sole discretion. Appraiser agrees that it will not engage in any illegal activities in connection with this Agreement and performance of the Services and Appraiser hereby agrees to hold Company harmless from any damages (including attorney fees) suffered by Company

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and regulation compliance. Appraiser agrees to furnish the Services; including without limitation, developing the appraisal report, in accordance with the highest standards established by the appraisal profession, the generally accepted appraisal standards as evidenced by the Uniform Standards of Professional Appraisal Practice ("USPAP"), generally accepted ethical standards including the Truth In Lending Act ("TILA") and the Dodd-Frank Act. Appraiser also agrees to complete any assignments within the time period agreed upon between the parties when accepting an assignment from Company. The Appraiser retains the right to accept or reject any assignment when offered by Company, however, in accepting any assignment the Appraiser agrees to and accepts the fees and conditions of each order, and to exercise any due diligence in performing the assignment including completion within the indicated deadline. The Appraiser may decline the order or request a fee increase where necessary. Any such request must include a reasonable explanation which will be provided to the client for consideration. Appraiser understands and agrees that whether Company will request the Appraiser to perform the Services and whether the Appraiser or another person, entity or contractor will be given a particular assignment is in the Company's sole discretion. Appraiser agrees that it will not engage in any illegal activities in connection with this Agreement and performance of the Services and Appraiser hereby agrees to hold Company harmless from any damages (including attorney fees) suffered by Company as a result of any illegal activities.

- D. **Compliance with Laws.** Appraiser agrees that Appraiser will, at all times during the Term of this Agreement, adhere to all applicable federal, state and local laws, rules and regulations relating to appraisal licensing and certification requirements, including without limitation, those laws, rules and regulations concerning the maximum distance each Appraiser is permitted to travel in relation to the location of the Appraiser's main office, to maintain geographic competency. Appraiser agrees to decline any assignment that will be outside of the Appraiser's competency.
- E. **FHA Approval.** When accepting an FHA order, Appraiser agrees that Appraiser will, maintain its FHA approval status requiring state certification and notify Company of any change in status of Appraiser's FHA approval during the course of this Agreement.
- F. **Competency.** It is a requirement under USPAP for appraisers to be both product and geographically competent to complete an assignment. Completing the Appraiser Signup application and listing the geographic service area, qualifications, and areas of expertise will serve as the Appraiser's confirmation that he/she is geographically competent to appraise properties in the service area provided and is competent in the methodologies necessary to appraise the property types listed. Acceptance of an appraisal assignment serves as the Appraiser's agreement that he/she meets the competency requirements as defined by USPAP, the assignment is within the Appraiser's scope of practice, and the Appraiser has access to the appropriate data sources. The Appraiser agrees to decline the assignment if he/she lacks the requisite competency to complete the assignment. If at any time during the development of the assignment the Appraiser discovers that he/she does not have the required competency, the Appraiser agrees to immediately contact Class Valuation.
- G. **Confidentiality.** Appraiser agrees to keep all information provided to them or obtained from Class Valuation in the course of this Agreement, that is not generally known to the public confidential. Confidential Information shall include information relating directly or indirectly to Class Valuation or its Business, including, but not limited to, Class' documents, employees and employee lists, fees, research, operations, services, transactions, know-how, applications, databases, supplier information, partnerships and investments, innovation strategies, proof of concepts, financial information and records, marketing information, supplier lists, sales and marketing information/strategies, product plans, designs, Clients, Client Information, completed or pending mergers and acquisitions, business relationships with related enterprises, and any other information entrusted in confidence to Appraiser. Confidential Information does not include information that: (i) becomes generally available to the public other than as a result of disclosure by Appraiser; (ii) was available on a non-confidential basis to Appraiser before its disclosure to Appraiser by Class Valuation; or (iii) becomes available to Appraiser on a non-confidential basis from a source other than Class Valuation, provided that such source is not bound by a confidentiality agreement with Class Valuation or its representatives.
- H. **Intellectual Property and Data Collection.** Class Valuation retains all right, title and interest in and to any and all technology employed by Class Valuation to manage the services, and all software code, databases, website content, algorithms, queries, interfaces, structure and organization, including data collected or delivered by the Appraiser to Class Valuation at any time (collectively, the "Class Valuation IP"). Class Valuation shall receive a royalty free, irrevocable, perpetual license to utilize any data in the appraisal report for any purpose that Class Valuation shall choose.

23. COMPENSATION

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and organization, including data collected or delivered by the Appraiser to Class Valuation at any time (collectively, the "Class Valuation IP"). Class Valuation shall receive a royalty free, irrevocable, perpetual license to utilize any data in the appraisal report for any purpose that Class Valuation shall choose.

3) COMPENSATION

- A. **Fees.** The Appraiser agrees and accepts unconditionally all of the conditions of each order. Appraiser also fully and unconditionally accepts the fee quoted as payment in full and agrees that it is satisfactory for the work ordered. Appraiser further agrees that payment received is fair and reasonable, if appraiser feels any fee is not fair or reasonable, they retain the right to decline the order or ask for a fee increase. Any such request must include a reasonable explanation which will be provided to the client for consideration.
- B. **Payment.** If this is your first order from Class Valuation, send us a W-9 via fax to 888- 914- 4555 or e-mail to accountspayable@classvaluation.com. A W-9 must be on file for us to be able to mail payment. Appraiser understands that all payments will be mailed out on the 15th of each month for any reports completed and sent to the client the previous month. Under no circumstances should there ever be collections at the door as Class Valuation secures payment prior to sending the order to you. Please also make sure the address listed on your profile is current in order to avoid any delays in payment.
- C. **Ineligibility for Employee Benefits:** General Waiver and Release. Appraiser acknowledges and agrees that it is not eligible for any Company employee benefits, incentives, bonuses or compensation (nor for employee benefits or any related or affiliated company) including, but not limited to: holiday, vacation or sick pay, withholding taxes (federal and state), social security, Medicare, unemployment or disability insurance, workers compensation, health and welfare benefits, profit sharing, 401 (k) participation, stock options, stock purchase plans. Appraiser hereby waives and releases any and all rights to any of the foregoing Company employment benefits even if Appraiser is later reclassified by any court or governmental agency to be a common law employee of Company. Appraiser acknowledges that it is, and will remain, in compliance with, and be bound by, the worker's compensation laws of the state in which Appraiser conducts its business as an independent contractor and not an employee of Company.

4) INDEPENDENT CONTRACTOR RELATIONSHIP

In accordance with the mutual intentions of the parties, this Agreement establishes an independent contractor relationship as defined by the Internal Revenue Service, and the terms and conditions of this Agreement shall be interpreted in a manner consistent with the parties' intentions. The parties do not intend to create an employer-employee relationship between Appraiser and Company (or any related or affiliated company) and nothing in this Agreement shall be construed to create that type of relationship between parties. Neither the Appraiser nor its personnel shall have the right or authority to make any contract, agreement, or commitment in the name of, or for the account of Company, or to make any representation or warranty, expressed or implied, on behalf of Company. The Appraiser agrees not to hold itself out to others as possessing such authority, and will, at all times, hold itself out as an independent contractor of Company. Appraiser will indemnify and hold harmless Company for all damages, costs, and expenses, including attorney fees, incurred by Company as a result of a breach of this Section.

5) REPRESENTATIONS, WARRANTIES AND COVENANTS

Appraiser represents, warrants, covenants and agrees as of the Effective Date and throughout the Term of this Agreement, that:

- A. All Services rendered pursuant to this Agreement shall be performed by the Appraiser. The Appraiser is liable for the performance of its trainees who perform Services for Company and those trainees shall be bound by the terms of this Agreement. Appraiser agrees to promptly furnish copies of any trainee agreement to Company. Appraiser covenants that such trainee shall, prior to performance of any services, agree in writing to be bound by the terms of this Agreement. Appraiser shall notify Company in writing in advance of Appraiser's desire to retain any trainee(s) to support the performance of the Services, provided that Company reserves the right to disapprove such retention. Appraiser shall not subcontract, assign or delegate any of the Service to be performed under this agreement to any other entity, person or sub-contractor;
- B. All Services performed under this Agreement shall be performed in a professional, thorough, workmanlike and ethical manner in accordance with the highest standards within Appraiser's industry, including without limitation, the generally accepted appraisal standards as evidence by the Uniform Standards of Professional Appraisal Practice ("USPAP"), and all Federal or State Laws;
- C. There are no actions or proceedings against, or investigations of, the Appraiser before any court, administrative agency or other tribunal (i) that might prohibit its entering into this Agreement, (ii) seeking to prevent the consummation of the transactions contemplated by this Agreement or (iii) that might prohibit or materially and adversely affect the performance by the Appraiser of its obligations under the validity or enforceability of this Agreement.

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- contemplated by this Agreement or (iii) that might prohibit or materially and adversely affect the performance by the Appraiser of its obligations under, or the validity or enforceability of, this Agreement;
- D. Appraiser has full power and authority to enter into this Agreement and to provide the Services to Company;
- E. Appraiser is not bound by any other agreement, whether written or oral, which would preclude it from entering into this Agreement and/or performing the Services;
- F. If Appraiser accepts an FHA order, the appraiser who completes the site-observation and signs the report must be FHA approved and registered on the FHA Appraisal Roster;
- G. Appraiser bears the responsibility for all actions of its employees and the content and quality of each appraisal submitted to Company. If, at any time, Company suspects Appraiser is engaging in fraudulent acts, Appraiser may be subject to immediate suspension of its approved status, civil action, loss of Appraiser's license/certification or other action by regulatory agencies;
- H. Appraiser will decline any assignment that he/she deems outside of their competency;
- I. Appraiser will not be influenced in their work or in determination of an appraisal by any factor other than the actual assignment property itself

6) GENERAL INDEMNITY

Appraiser agrees to indemnify, defend, save and hold harmless Company from and against any and all liability, claims, damages, penalties, losses, fines, judgments, suits, decrees, costs and expenses, including reasonable attorney fees and any other costs, fees and expense that Company may sustain in any way related to or resulting from: any act, or failure to act, or any breach of this agreement, that is deemed to be at the fault of the Appraiser or an Appraiser's employee or agent working on behalf of the Appraiser. This General Indemnity may not apply in any state, if under the circumstances, that specific state deems it illegal.

7) TERM

This Agreement will commence on the Effective Date and will be effective for an indefinite term, unless otherwise terminated by either party.

8) NO ASSIGNMENT

All of the terms and provisions of this Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and permitted assigns. This Agreement, as the rights and obligations hereunder, may not be assigned or delegated to any other person or entity by Appraiser without the express written consent of Company. Any permitted assignee must be capable of assuming and agree to assume all of Contractor's obligations under this Agreement, provided that in no event shall any assignment relieve Contractor of any of its obligations hereunder. Company may assign this Agreement. Except as otherwise expressly provided herein, nothing herein is intended to confer upon any person, other than the parties and their respective successors and permitted assigns, any rights or remedies whatsoever.

9) LATE, INCOMPLETE, OR DISQUALIFIED REPORTS

Appraiser will be notified of the due date for any assignment or report. If report is not submitted by the due date, Company reserves the right to cancel the assignment with the Appraiser, and Appraiser will not be eligible to collect the fee for the past due assignment, since Company will use that fee to retain another Appraiser to complete the assignment. Class Valuation, Inc., at its sole discretion may discount payment for work that is late, incomplete, or deemed disqualified.

10) GOVERNING LAW AND JURISDICTION

This Agreement shall be construed, interpreted, and the rights of the parties determined in accordance with the laws of the State of Michigan. The parties hereby consent to the exclusive jurisdiction and venue of the courts of Oakland County, Michigan, for all purposes hereunder. Appraiser waives, to the fullest extent possible, the defense of inconvenient forum. The parties further agree that a final judgment in any such action shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

The parties to this Agreement each agree that any and all claims, controversies or disputes that arise out of their engagement, including but not limited to any claims relating to the construction, interpretation, enforceability or any breach of these terms and conditions, or this agreement to arbitrate, will be settled by final and binding arbitration in Oakland County, Michigan or such other location as may be mutually agreed by the parties in accordance with the Commercial Arbitration Rules and Procedures of Judicial Arbitration and Mediation Services, Inc. ("JAMS") then in effect. To the extent permitted by law, the hearing and all filings and other proceedings shall be treated in a private and confidential manner by the arbitrator and all parties and representatives and shall not be disclosed except as necessary for any

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Judgment in any such action shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

The parties to this Agreement each agree that any and all claims, controversies or disputes that arise out of their engagement, including but not limited to any claims relating to the construction, interpretation, enforceability or any breach of these terms and conditions, or this agreement to arbitrate, will be settled by final and binding arbitration in Oakland County, Michigan or such other location as may be mutually agreed by the parties in accordance with the Commercial Arbitration Rules and Procedures of Judicial Arbitration and Mediation Services, Inc. ("JAMS") then in effect. To the extent permitted by law, the hearing and all filings and other proceedings shall be treated in a private and confidential manner by the arbitrator and all parties and representatives and shall not be disclosed except as necessary for any related judicial proceedings. By accepting this Agreement, you expressly agree that (a) class action and collective action procedures shall not be asserted; and (b) no party will assert class or collective action claims against the other in arbitration, court, or any other forum.

11) DAMAGES

If Appraiser brings a claim against Company based on the services rendered, Appraiser is limited to seeking damages in the amount of the initial fees agreed upon for the services.

12) REVISIONS OR CORRECTIONS

If any revisions or corrections are needed to be applied to Appraiser's completed work, which are requested by Lender, Company, Client, or any other interested party, Appraiser agrees to make these revisions if the revision is within an industry standard.

13) ATTORNEY FEES

If any claim is brought by Appraiser against Company, and Appraiser's claim is not victorious, Appraiser agrees to pay any expense incurred by Company in defending the invalid claim, including but not limited to, Attorney fees, court costs, or any other fee associated with the claim and litigation.

14) COUNTERPARTS, CAPTIONS, AND USE OF PRONOUNS

This Agreement may be executed in one (1) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Any facsimile signature herein shall be given the same force and effect as an original signature. The captions inserted herein are inserted only as a matter of convenience and in no way define, limit, construe, affect or describe the scope or intent of this Agreement. Wherever the singular is used, the same shall include the plural, and the masculine genders shall include the feminine and neuter genders and vice versa, whenever the context so requires.

15) SEVERABILITY

If any provision of this Agreement shall be determined to be invalid or unenforceable, the remaining provisions of this Agreement shall not be affected thereby, and every provision of this Agreement shall remain in full force and effect and enforceable to the fullest extent permitted by law.

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Appraiser Independence and Conduct Policy

Overview and Purpose

Class Valuation takes pride in the professionalism that it establishes. In coordinating appraisal services, Class Valuation wants to ensure that all appraisers adhere to standards not only set out by Class Valuation but set by the industry as a whole.

Application

This policy applies to all Class Valuation appraiser vendors.

Policy

Working in conjunction with the Class Valuation Master Agreement, below are just a few examples of what is expected of all Appraisers. This is not an exhaustive list of expectations, for comprehensive expectations; please refer to the Class Valuation Master Agreement at www.classavaluation.com.

Appraisers shall use its best efforts to perform the Services in accordance with Class Valuation and industry standards. Appraiser agrees to adhere to Company's standards and practices, including, but not limited to; communication, scheduling and delivery requirements, performance standards, and regulation compliance. Appraiser agrees to furnish the Services; including without limitation, developing the appraisal report, in accordance with the highest standards established by the appraisal profession, the generally accepted appraisal standards as evidenced by the Uniform Standards of Professional Appraisal Practice ("USPAP"), generally accepted ethical standards including the Appraiser Independence Requirements, the Truth In Lending Act("TILA"),and the Dodd-Frank Act.

Appraiser agrees that Appraiser will, at all times during the Term of this Agreement, adhere to all applicable federal, state and local laws, rules and regulations relating to appraisal licensing and certification requirements.

All Services rendered pursuant to this Agreement shall be performed by the Appraiser. The Appraiser is liable for the performance of its trainees who perform Services for Company and those trainees shall be bound by the terms of this Agreement. Appraiser agrees to promptly furnish copies of any trainee agreement to Company.

All Services performed under this Agreement shall be performed in a professional, thorough, workmanlike and ethical manner in accordance with the highest standards within Appraiser's industry.

Appraiser will not be influenced in their work or in the determination of an appraisal by any factor other than the actual assignment property itself. The Class Valuation Independence Hotline is accessible 24-hours a day and 7-days a week. If you feel any pressure or influence from any party, please reach out to us at (248) 220-2537.

Class Valuation monitors appraiser performance and may remove an appraiser from its panel at any time. Reasons an appraiser can be removed from the panel include, but are not limited to:

- Violations of USPAP or other applicable law.
- Failure to meet service standards such as due dates and communication expectations.
- Failure to meet appraisal quality standards.
- Unprofessional behavior including, but not limited to, inappropriate attire and unprofessional communication.
- Evidence of criminal conduct.
- Failure to maintain E&O insurance or an active appraiser license.
- Suspension or revocation of appraiser license.