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Lender's e-AMC, LLC

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**Vendor Management Services (VMS) Program**

**Statement of Policies & Standards**

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## Vendor Management Services (VMS) Program

### Statement of Policies & Standards

#### 1 Introduction

Lender's e-AMC, LLC ("e-AMC" hereinafter), a Texas limited liability company, a privately owned appraisal management company, is committed to full compliance with the requirements of the regulations, guidelines, policies, and standards mandated by governmental and other regulatory agencies relating to the collateral evaluation process.

The Vendor Management Services Program ("VMS Program" hereinafter) is e-AMC's implementation of (i) the regulatory requirements of the *Appraiser Independence Requirements* ("AIR" hereinafter) and, (ii) the appraisal independence requirements set forth in the Interim Rules amending Regulation Z, as published by the Federal Reserve Board on October 18, 2010, implementing Section 129E of the Truth in Lending Act, which was enacted on July 21, 2010 as Section 1472 of the Dodd-Frank Wall Street Reform and Consumer Protection Act .

Published on October 15, 2010, the AIR has been adopted by both Freddie Mac <sup>1</sup> and Fannie Mae <sup>2</sup> as a regulatory requirement for their sellers and servicers. The AIR specifies a set of policies intended to "[support] strong appraiser independence requirements to address market developments and regulatory actions taken pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010...." <sup>3</sup> The AIR requires sellers and servicers to represent and warrant that appraisal reports for single-

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<sup>1</sup> Federal Home Loan Mortgage Corporation

<sup>2</sup> Federal National Mortgage Association

<sup>3</sup> "Appraiser Independence Requirements"

<http://www.efanniemae.com/sf/guides/ssq/annltrs/pdf/2010/se11014.pdf>

family mortgages with loan application dates on or after October 18, 2010 are obtained in a manner that is consistent and compliant with the policies specified in the AIR.<sup>4</sup>

## **2 Background**

The AIR is the result of the passage of the Dodd-Frank Act which terminated the Home Valuation Code of Conduct effective as of October 18, 2010, the date that the Federal Reserve Board issued its Interim Rules, implementing the amendments to Regulation Z, regarding appraisal independence and undue influence as set forth in Section 1472 of the Dodd-Frank Act.

The AIR was published on October 15, 2010, and it has an immediate effective date. The Interim Rules are effective on a voluntary basis 60 days from the date published in the Federal Register; mandatory compliance is required on April 1, 2011.

## **3 Purpose of the VMS P&S**

The intended purpose of the VMS P&S is to communicate to VMS stakeholders the policies and standards which govern the VMS Program.

## **4 Scope of the VMS P&S**

The scope of the provisions of the VMS P&S shall extend to all participants of the VMS Program per applicability of its provisions to the type and term of participation.

## **5 Application of the VMS P&S**

The application of the VMS P&S shall govern the implementation and operations of the VMS Program and its constituent processes and procedures including:

- a. Appraiser relations and business engagement;
- b. VMS compliance control;
- c. Appraiser registry maintenance;
- d. Appraisal bidding, ordering, and fulfillment, and;

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<sup>4</sup> The sale of the following mortgages is excluded from the representation and warranty: FHA/VA Mortgages, Section 184 Native American Mortgages, and Section 502 Guaranteed Rural Housing Mortgages.

- e. Appraisal order accounts payable and accounts receivable.

## 6 Incorporation of Appertaining Policies, Standards, and Regulations

- a. The VMS P&S encompasses and incorporates by reference the extant versions <sup>5</sup> of the following appertaining statements of policies, standards, and regulations in their entirety except as otherwise noted:

1. Appraiser Independence Requirements (AIR)

- Published by: Freddie Mac and Fannie Mae
- Links:  
<http://www.freddiemac.com>  
<https://www.efanniemae.com>

2. Uniform Standards of Professional Appraisal Practice (USPAP)

- Published by: The Appraisal Foundation
- Link:  
<http://commerce.appraisalfoundation.org/html/USPAP2008/index.htm>

3. Truth in Lending Act (TILA), Title I of the Consumer Credit Protection Act as amended (15 U.S.C. § 1601 et seq.) as implemented by “Regulation Z” (12 CFR Part 226)

- Published by: Board of Governors of the Federal Reserve Board
- Link:  
<http://www.federalreserve.gov/bankinfo/reg/reglisting.htm#z>

4. Interagency Appraisal and Evaluation Guidelines

Published by the federal banking agencies

Link:

<http://www.fdic.gov/regulations/laws/rules/5000-4800.html>

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<sup>5</sup> Links to the referenced documents were valid and active at the time of publication of this document. Refer to Table A-1 in Appendix A for contact information for the issuing organizations to obtain copies of the latest versions of the cited documents.

5. e-AMC VMS Appraiser Service Level Agreement (SLA)
  - Published by: e-AMC, LLC
  - Link: [www.e-amc1.com](http://www.e-amc1.com)
  
- b. For all applications and intents, the content and provisions of the VMS P&S shall encompass and incorporate, in full and in force, the content and provisions of the statements of policies, standards, and regulations as enumerated in Section 6.a.
- c. For all applications and intents, the content and provisions of the VMS P&S shall encompass and incorporate, in full and in force, the content and provisions of superseding versions of the statements of policies, standards, and regulations as enumerated in Section 6.a upon adoption and publication of such superseding versions by the associated authoring organizations.
- d. For all applications and intents, the adoption and publication of superseding versions of the statements of policies, standards, and regulations as enumerated in Section 6.a by the associated authoring organization shall effectively constitute a superseding version of the VMS P&S itself.
- e. e-AMC reserves the right to revise, update, and augment the VMS P&S as dictated by:
  1. Changes and/or additions to the regulations, policies, and standards of governmental and other regulatory and appertaining agencies;
  2. The corporate policies and quality standards of e-AMC, and;
  3. The business exigencies of the mortgage and banking industry, the appraisal management industry, the appraisal industry and the marketplace.
- f. No statement or provision of the VMS P&S shall be construed as an abrogation or derogation of any of the statements of policies, standards, and regulations as enumerated in Section 6.a nor of any applicable Federal, state, or local statute or regulation governing the lending and/or property valuation industries.

- g. No omission in the VMS P&S shall be construed as an abrogation or derogation of any of the statements of policies, standards, and regulations as enumerated in Section 6.a nor of any applicable Federal, state, or local statute or regulation governing the lending and/or property valuation industries.

## **7 Appraiser's Rights under the VMS P&S**

### **7.1 Independence of Property Valuation Methodology**

- a. Independence of a registered appraiser's methodology for property valuation is safeguarded by the VMS P&S except where conformance to prescribed methods is mandated by any of its incorporated statements of policies, standards, and regulations as enumerated in Section 6.a.
- b. The provisions of Section 7.1 notwithstanding, for the benefit of management oversight and quality assurance/control obtained through the scheduled or event-driven tracking of the status of the performance of contracted property valuation services, e-AMC shall have the right to require contracted registered appraisers to notify the VMS Program to report the status of the initiation, progress, and conclusion of the activities comprised by their chosen property valuation methodologies and those activities common to all property valuation methodologies including, but not limited to the:
1. Scheduling of property inspections;
  2. Performance of property inspections;
  3. Development of the appraisal product;
  4. Delivery of the completed appraisal product report, and;
  5. Delivery of the invoice for the property valuation services rendered.

### **7.2 Appraiser's Right to Opt Out**

A registered appraiser shall have the right to opt out of the VMS Program by submitting such request by written notice to the VMS Program and shall be effective upon the receipt and acknowledgement of such request by the VMS Program.

### **7.3 Restrictions to Appraiser's Right to Opt Out**

The provisions of Section 7.2 notwithstanding, the appraiser's right to opt out of the VMS Program shall not release the appraiser, or any third-party entities acting as agents on behalf of the appraiser, from obligations extant when under contract to e-AMC for ordered property valuation services without express written consent of an authorized officer or representative of eAMC.

## **8 Compliance with the VMS P&S**

- a. Provisions of the VMS P&S relative to the terms and conditions of the business engagement for property valuation services between a registered appraiser, e-AMC, and any third-party entities acting as agents on behalf of either party shall be contractually binding unless otherwise specified.
- b. Breaches of such provisions of the VMS P&S constituting professional misconduct or violation of law by the registered appraiser, e-AMC, or any third-party entities acting as agents on behalf of either party resulting in substantive injury to the offended party shall be subject to recourse to any and all applicable and available legal remedies by the offended party, including, but not limited to, mandatory reporting by e-AMC to the appraiser's regulatory authority.
- c. Breaches of the provisions of the VMS P&S constituting professional misconduct or violation of law, as well as perceived breaches of the provisions of the VMS P&S where professional misconduct or violation of law is suspected, shall be immediately reported by any VMS participant as identified in Section 4 "Scope of the VMS P&S" to the Compliance Control function of the VMS Program and to any analogous organization identified in the statements of policies, standards, and regulations enumerated in Section 6.a and to any analogous organization of any appertaining Federal, state, or local agency governing lending and/or property valuation industries.

## **9 e-AMC's Valuation Dispute Process**

- a. Filing a dispute: The first step is to file the dispute. This process is initiated by sending a written request including the reason(s) for the dispute to the e-AMC review



Department. All disputes must be in writing as they are documented to the file as well as stored as part of the file for compliance verification.

b. Drafting a dispute: Disputes need to include both the reason for the dispute as well as any items you would like considered.

c. Fighting a dispute: If the desired results are not obtained for either the initial dispute and/or subsequent disputes, only at that time will e-AMC run an internal review.

1. If the e-AMC internal review results in the favor of the appraiser, at that time, e-AMC will notify both parties that the dispute process is over and the original report is Final.

2. If the e-AMC internal review results in the favor of the client, at that time, e-AMC will perform a combination of the following remedies:

i. Perform an e-AMC Desk review

ii. Utilize internal/external AVM's and collateral management programs

iii. Order a Field Review

3. If the outcome of any combination of the above supports the original appraisal, the file will be marked complete and the original report is Final.

4. If e-AMC finds there to be deficiencies on the original appraisal, e-AMC will, with the Underwriter's approval, either order a Field Review and/or a new report.

5. All new reports are Final.

#### 10 **e-AMC's Policy for Payment of Appraisers**

a. All appraisers are paid 15 days post the order being marked complete. e-AMC may change this to 30 days post complete if deemed necessary for management reasons. At no time, with exception to the terms below, shall e-AMC pay an appraiser post 30 days.

b. The payment to the appraiser can be delayed for the following reasons:

1. Corrections: Per the e-AMC SLA, appraisers have agreed to make all requested corrections. If the corrections are not completed by the appraiser, e-AMC may withhold payment until such time as these are rectified.

2. Violation(s) of the engagement letter and/or USPAP Standards: Per the e-AMC SLA, appraisers have agreed to follow the engagement letter as well as to abide by USPAP Rules. If the appraiser is found to be in violation of either, e-AMC may withhold payment until such time as these are rectified.

3. Disputes: The appraiser payment is withheld until such time as the dispute is settled. If the dispute is resolved in favor of the client, the fee may or may not be paid depending on the outcome of an internal investigation. If the appraiser is found to be in violation of USPAP and/or the Engagement letter, e-AMC may, at its own option, withhold payment from the appraiser indefinitely.

#### **11. e-AMC Customer Refund Policy**

- a. Prior to a file being Assigned to the appraiser – a 100% refund applies
- b. Post Assignment, but prior to Inspection – a \$50 Cancellation fee applies
- c. Post Inspection – There will be no refund and the report will be delivered

## A. Appendix

Table A-1. Contact Information for Referenced Organizations

Organization	Contact Information
Fannie Mae	3900 Wisconsin Avenue, NW Washington, DC 20016-2892 202.752.7000 <a href="http://www.fanniemae.com">www.fanniemae.com</a>
Freddie Mac	8200 Jones Branch Drive McLean, VA 22102-3110 703.903.2000 <a href="http://www.freddiemac.com">www.freddiemac.com</a>
The Appraisal Foundation	1155 15th Street, NW Suite 1111 Washington, DC 20005 202.347.7722 <a href="http://www.appraisalfoundation.org">www.appraisalfoundation.org</a>
Federal Deposit Insurance Corporation (FDIC)	550 17th St., NW Washington, DC 20429 877.275.3342 <a href="http://www.fdic.gov">www.fdic.gov</a>
Board of Governors of the Federal Reserve Board (FRB)	20 <sup>th</sup> & Constitution Avenue, NW Washington, DC 20551 202.872.7565 <a href="http://www.federalreserve.gov">www.federalreserve.gov</a>