

LENDER'S e-AMC, LLC



APPRAISAL MANAGEMENT COMPANY

VENDOR MANAGEMENT SERVICES (VMS) PROGRAM

SERVICE LEVEL AGREEMENT (SLA)

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VENDOR MANAGEMENT SERVICES (VMS) PROGRAM

Service Level Agreement (SLA)

Article I. Introduction

This Service Level Agreement (SLA) lays the foundation for a common understanding between Lender's e-AMC, LLC ("e-AMC") and an VMS-registered appraiser ("appraiser") engaged by e-AMC for property valuation services by establishing:

- Mutually agreed-upon service level expectations and standards;
- The standards of quality to be met and maintained in the performance of contracted property valuation services;
- The methods for compliance with the E-AMC VMS Policies & Standards of which this SLA is an incorporated document.

To lay that foundation, this SLA addresses the:

- Purpose and scope of the agreement, the parties to the agreement, and assumptions underlying the agreement;
- Services elements to be performed and the work products to be developed and delivered;
- Service tracking and reporting for assessing and communicating service quality-of-performance;
- Service standards for ensuring quality of performance and professional conduct;
- Alterations to service levels due to extenuating circumstances.

Article II. Purpose

The purpose of this SLA is to define the rules of engagement between e-AMC and VMS-registered appraisers contracted by e-AMC to provide property valuation services in support of e-AMC's appraisal management services to its clients. These rules of engagement establish the base level of service and prescribe the methods for ensuring a consistent level of service and quality of performance.

Article III. Scope

The scope of this SLA extends to the service level expectations and standards that e-AMC has established for VMS-registered appraisers contracted by e-AMC for the performance of property valuation services and the development and delivery of completed appraisal product reports.

As warranted by the specific requirements of the contracted services, the scope of this SLA may be extended by supplementary agreements and/or special order instructions to address specific or exceptional service performance requirements for a particular appraisal assignment beyond the base-level standards detailed in this SLA.

This SLA is valid for the term of the contracted engagement between e-AMC and a VMS-registered appraiser as subject to the conditions specified herein.

Article IV. Parties to the Application of the SLA

The parties to this SLA are defined upon e-AMC's awarding of an order for property valuation services to the most qualified appraiser in the VMS Registry for the particular order. These parties are:

- The VMS-registered appraiser awarded and assigned to the order for property valuation services;
- e-AMC as the client contracting those services;
- Any third-party agents acting of behalf of the appraiser or e-AMC.

Article V. Assumptions

This SLA is based on the following assumptions:

- All occurrences of the term "appraiser" refers to a person who is lawfully certified or licensed by the state in which the contracted property valuation services are to be performed and who is registered in the e-AMC VMS Program;
- The appraiser understands, acknowledges, and agrees to the terms and conditions of the e-AMC VMS Policies & Standards of which this SLA is an incorporated document;
- All times-of-performance for service items expressed in business hours are calculated based on the business hours of 9:00 am to 5:00 pm Central Standard Time.
- All times-of-performance for service items expressed in business days are calculated based on a five-day business week of Monday through Friday.

Article VI. Service Elements and Work Products

This section establishes the service level expectations and standards for individual service elements and work products. The service elements are in process sequence with a few exceptions such as the service element in Subsection 6.17 "Notification of Service Quality Issues" which may occur at any time in the process sequence.

6.1 Appraisal Order Opportunity

Once the VMS staff receives an appraisal order from its client, the VMS staff will post the order opportunity to qualified candidate-appraisers from the Registry OR auto or manually assign the order to a preferred appraiser. Candidates will be qualified by service area.

The appraisal order opportunity will include the following information:

- Appraisal product type
- Subject property type
- Subject property locality information (state/county/city/zip code only)
- Associated fee from VMS Fee Schedule

If the order was not manually assigned, the candidate-appraisers will bid on the order opportunity by quoting a date on which they can deliver the completed report. The VMS staff will close the bidding four (4) hours after posting the order opportunity to the list of candidate-appraisers. If the order was manually assigned by the VMS staff, the appraiser shall proceed to step 6.2.

Table 6-1. Bidding on an Appraisal Order Opportunity

<u>Service Element</u>	<u>Expectation/Standard</u>	<u>Performed By</u>
Bidding on an appraisal order opportunity	Within four (4) business hours of posting	Appraiser

6.2 Awarding an Appraisal Assignment via Bidding

If the bid process was utilized by VMS staff, other factors being equal, the appraiser who bids the earliest delivery will be awarded the appraisal assignment. The VMS staff will forward an award packet to the appraiser with the information needed to begin fulfilling the order assignment:

- Appraisal product type
- Subject property type
- Complete subject property location information
- Contact information of property owner (or agent) for inspection appointment scheduling
- Real estate purchase contract
- Confirmation of fee amount and the as-bid appraisal report delivery date
- Any special order instructions

Table 6-2. Awarding an Appraisal Assignment

<u>Service Element</u>	<u>Expectation/Standard</u>	<u>Performed By</u>
Awarding of appraisal assignment and forwarding of award packet of order information	Within two (2) business hours of closing bid process	e-AMC

6.3 Accepting an Appraisal Assignment

Upon notification of award and the receipt of the award packet of order information, the appraiser will acknowledge and accept the awarded appraisal assignment within one business hour of receipt.

Table 6-3. Accepting an Appraisal Assignment

<u>Service Element</u>	<u>Expectation/Standard</u>	<u>Performed By</u>
Accepting an appraisal assignment	Within one (1) business hour of notification of award	Appraiser

6.4 Rejecting an Appraisal Assignment

If between the time of bidding on the order opportunity and the receipt of the award packet, or if manually assigned to the appraiser, if between the time of assignment and receipt of the award packet , intervening circumstances require the appraiser to reject the assignment, the appraiser must promptly notify the VMS staff of the fact and the circumstances.

If upon receipt of the award of the appraisal assignment, the appraiser does not notify the VMS staff of acceptance within the expected time frame specified in Section 6.3 “Accepting an Appraisal Assignment,” the VMS staff will assume the assignment has been rejected and will award the assignment to the runner-up candidate-appraiser or manually assign the assignment to another preferred appraiser.

Rejecting an assignment by a “no-response” to the award notification may adversely affect a registered appraiser’s quality-of-performance rating.

Table 6-4. Rejecting an Appraisal Assignment

<u>Service Element</u>	<u>Expectation/Standard</u>	<u>Performed By</u>
Rejecting an appraisal assignment	Within one (1) business hour of notification of award	Appraiser

6.5 Scheduling and Reporting the Inspection Date

Upon accepting the awarded appraisal assignment, the appraiser will use the contact information in the order award information packet to schedule an inspection date with the property owner or agent and report that date to the VMS staff.

Table 6-5. Scheduling and Reporting the Inspection Date

<u>Service Element</u>	<u>Expectation/Standard</u>	<u>Performed By</u>
Scheduling the inspection date and reporting that date to the VMS staff	Within eight (8) business hours of accepting appraisal assignment	Appraiser

6.6 Inspecting the Subject Property

The appraiser is expected to keep the inspection appointment and to perform the inspection on the scheduled and reported date.

Table 6-6. Inspecting the Subject Property

<u>Service Element</u>	<u>Expectation/Standard</u>	<u>Performed By</u>
Inspecting the subject property	On or before the scheduled inspection date	Appraiser

6.7 Rescheduling the Subject Property Inspection

If, due to intervening circumstances, the appraiser is unable to keep the scheduled inspection appointment, the appraiser is expected to promptly notify the property owner/agent and reschedule a new inspection appointment date. The appraiser is expected to notify the VMS staff of the rescheduling of the inspection appointment date, the circumstances necessitating the rescheduling, and the impact, if any, on the as-bid report delivery date.

Table 6-7. Inspecting the Subject Property

<u>Service Element</u>	<u>Expectation/Standard</u>	<u>Performed By</u>
Rescheduling the subject property inspection	On or before the rescheduled inspection date	Appraiser

6.8 Reporting the Subject Property Inspection

Upon completion of the subject property inspection, the appraiser is expected to report this status to the VMS staff.

Table 6-8. Reporting the Subject Property Inspection

<u>Service Element</u>	<u>Expectation/Standard</u>	<u>Performed By</u>
Reporting the completion of the subject property inspection to the VMS staff	Within four (4) business hours of completing the inspection	Appraiser

6.9 Developing the Appraisal Report

e-AMC does not prescribe a methodology for the development of the appraisal product report. e-AMC does require, however, that any methodology chosen and employed by the appraiser be fully compliant with the Uniform Standards of Professional Appraisal Practice (USPAP) and other incorporated documents of the VMS Policies & Standards and meets all applicable Freddie Mac,¹ Fannie Mae,² VA,³ and FHA⁴ requirements.

Table 6-9. Developing the Appraisal Report

<u>Service Element</u>	<u>Expectation/Standard</u>	<u>Performed By</u>
Developing the appraisal product report	Fully compliant with the VMS Policies & Standards and its incorporated documents including the USPAP	Appraiser

¹ Federal Home Loan Mortgage Corporation

² Federal National Mortgage Association

³ Department of Veterans Affairs Home Loan Guaranty Services

⁴ Federal Housing Administration

6.10 Delivering the Completed Report

Upon the completion of the appraisal product report, the appraiser will promptly submit the completed report to the VMS staff.

Table 6-10. Delivering the Completed Report

<u>Service Element</u>	<u>Expectation/Standard</u>	<u>Performed By</u>
Delivering the completed report	On or before the as-bid delivery date	Appraiser

6.11 Notification of Product Quality Issues

The VMS staff will promptly notify the appraiser of any product quality issues discovered in its own quality control process as well as product quality issues discovered by the loan processing and underwriting functions of e-AMC's client.

Table 6-11. Notification of Product Quality Issues

<u>Service Element</u>	<u>Expectation/Standard</u>	<u>Performed By</u>
Notification of service quality issues	Promptly upon discovery	e-AMC

6.12 Correction of Product Quality Issues

Upon notification of product quality issues by the VMS staff, the appraiser will correct and resubmit the appraisal product report.

Table 6-12. Correction of Product Quality Issues

<u>Service Element</u>	<u>Expectation/Standard</u>	<u>Performed By</u>
Correction of product quality issues and resubmission of appraisal product report	Within eight (8) business hours	Appraiser

6.13 Payment for Services

Upon receipt and review of the completed appraisal product report, including any required corrections, explanations or revisions (together the "completed report"), the VMS staff will authorize payment and the appraiser will be paid by check, mailed to his/her business address on a max, net 30 schedule, based on the date of the receipt of the completed report. The fee paid to the appraiser for the fulfilled appraisal order assignment shall be the fee quoted in the engagement letter accepted by the appraiser.

Table 6-13. Payment for Services

<u>Service Element</u>	<u>Expectation/Standard</u>	<u>Performed By</u>
Payment for Services to Appraiser	Net 30 of receipt of completed report	e-AMC

6.14. Payment for Partial Services

In the event e-AMC or its client cancels the appraisal order prior to inspection, no fee shall be due the appraiser. In the event e-AMC or its client cancels the order after the inspection has been performed, e-AMC shall pay the appraiser full compensation for the appraisal order.

Table 6-14. Payment for Partial Services

<u>Service Element</u>	<u>Expectation/Standard</u>	<u>Performed By</u>
Payment for Partial Services to Appraiser	Net 30 of date of inspection	e-AMC

6.15 Rating Quality of Performance

By meeting the service level expectations and standards of each service element, appraisers will satisfy the base-level quality-of-performance service expectations and standards for the overall performance of the appraisal assignment. By exceeding the base-level expectations and standards, appraisers have the opportunity to improve their quality of service rating which is based on cumulative past performance.

Table 6-15. Rating Quality of Performance

<u>Service Element</u>	<u>Expectation/Standard</u>	<u>Performed By</u>
Rating the quality of the performance of the appraisal assignment	Within two (2) business days of the receipt of the completed appraisal product report	e-AMC

6.16 Notification of Service Quality Issues

At any time during the performance of the appraisal assignment, all parties to the contracted engagement—the appraiser, e-AMC, and any third-party agents acting on behalf of either party—are expected to notify the VMS Compliance Control staff promptly when the quality of performance is compromised by adverse circumstances, misconduct, and/or perceived misconduct.

Table 6-16. Notification of Service Quality Issues

<u>Service Element</u>	<u>Expectation/Standard</u>	<u>Performed By</u>
Notification of service quality issues	Promptly notify the VMS Compliance Control staff	All Parties

6.17 Correction of Service Quality Issues

Due to the variable nature and timing of circumstances that may compromise the quality of performance, expectations or standards for correcting service quality issues cannot be quantified. It is expected, however, that all parties will act in concert and in a prompt, responsive, and professional manner to correct service quality issues.

Table 6-17. Correction of Service Quality Issues

<u>Service Element</u>	<u>Expectation/Standard</u>	<u>Performed By</u>
Correction of service quality issues	Prompt, responsive, and professional	All Parties

VII. Service Standards

It is beyond the scope of this SLA to address all of the standards of quality and professionalism that apply to the performance of an appraisal assignment. For a comprehensive identification of all such standards, refer to the VMS Policies & Standards and its incorporated documents.

7.1 Quality-of-Performance Standards of Service Elements

The VMS Program has been designed to ensure overall quality of performance through the conformance to the quality standards established at the service element level. By meeting the service level expectations and standards of each service element, appraisers will satisfy the base-level quality-of-performance service expectations and standards for the overall performance of the appraisal assignment. By exceeding the base-level expectations and standards, appraisers have the opportunity to improve their quality of service rating based on cumulative past performance.

Quality issues are tracked and trended by the VMS Compliance Control staff to assess overall program quality as well as the quality-of-performance ratings of VMS-registered appraisers.

Refer to Section 6, "Service Elements and Work Products" for the descriptions of quality-of-performance standards for the individual service elements.

7.2 Professional Conduct

Due to implied representation, e-AMC expects appraisers, while under contract for appraisal assignments, to conduct themselves with professionalism and proper courtesy.

7.3 Professional Attire

Due to implied representation, e-AMC expects appraisers, while under contract for appraisal assignments, to dress in professional attire when performing inspections.

VIII. Quality-of-Performance Monitoring and Reviews

The VMS staff monitors the quality of performance throughout the execution the appraisal assignment—from the awarding of the appraisal assignment to the delivery of the completed report. Upon completion of the assignment, the VMS staff will conduct a postmortem review of the overall quality-of-performance of the assignment.

8.1 Service Element Quality-of-Performance Monitoring

Over the course of the performance of the appraisal assignment, the VMS staff will monitor in-progress levels of service at the service element level. When a failure to meet

expectations and standards occurs, the VMS staff will work with the appraiser to mitigate any consequences of the failure and will take the steps necessary to prevent recurrences.

8.2 Quality-of-Performance Reviews

The VMS staff will conduct postmortem quality-of-performance reviews of all completed appraisal assignments. In addition to comparing the expected versus actual performance results for each service element, the VMS staff will assess other quality factors such as overall professionalism, accuracy and completeness of the delivered appraisal report, and severity of any failures to meet expected service levels.

IX. Alterations to Service Levels

If requirements of a particular appraisal assignment warrant an alteration to the service levels established by this SLA, affected service elements may be renegotiated, by mutual agreement, in part or in whole, and/or supplemented with special order instructions. If extenuating circumstances arise that adversely affect the appraiser's ability to meet service level expectations and standards, and if such circumstances were not the result of negligence on the part of the appraiser, affected service elements may be renegotiated, by mutual agreement, in part or in whole, and/or supplemented with special order instructions.

X. Valuation Disputes

In the event a client of e-AMC disputes the value, e-AMC will request that the client submit additional detail or information, additional comparables or other information it deems relevant for us to submit to the appraiser for review. The appraiser is under no obligation to change the value based on the new information, and the appraiser's refusal to revise the value will not in any manner affect the performance review performed by e-AMC as to the appraiser's quality of work or performance of services.

XI. Communications with interested parties other than e-AMC

We request from our clients and from the appraiser that all communications regarding the assignment be funneled through e-AMC in order to avoid any illegal communication. We are aware that the appraiser may communicate with any party to the transaction; however, in order for us to certify that there have been no illegal communications, we can only do so if all requests come to us for delivery to the other party.

XII. Data Sharing and Confidentiality

e-AMC and its clients will provide the appraiser with customer information (e.g. name, property, address, phone number, and the fact of a customer relationship) in order for the appraiser to conduct an appraisal for the customer. The appraiser shall maintain the confidentiality of all customer information provided or related to the appraisal and use it only for the purposes of providing the appraisal and the appraiser shall at all times

comply with the applicable federal and state laws and regulations, including but not limited to Title V of the Gramm-Leach-Bliley Act (15 USC 6901 et seq.) and its implementing regulations (16 C.F.R. Part 313). The appraiser specifically acknowledges that it is prohibited from directly or indirectly selling, loaning, renting, transferring, disclosing, conveying, or otherwise making available to any third parties any customer information provided or related to the appraisal without the express prior written consent of e-AMC or its client.

XIII. Indemnity and Hold Harmless

UNLESS PROHIBITED BY APPLICABLE STATE LAW, APPRAISER SHALL PROTECT, INDEMNIFY, DEFEND AND HOLD HARMLESS E-AMC, ITS PARENT, SUBSIDIARIES, DIRECTORS, OFFICERS, EMPLOYEES, REPRESENTATIVES, AGENTS, SUCCESSORS, AND ASSIGNS FROM AND AGAINST ANY AND ALL LOSS, DAMAGE, COSTS, EXPENSE, ACTION, CAUSES OF ACTION, OR LIABILITY (INCLUDING ATTORNEYS' FEES AND COSTS) DIRECTLY OR INDIRECTLY ARISING FROM OR ATTRIBUTABLE TO THE ACCURACY, COMPLETENESS AND COMPLIANCE OF THE APPRAISAL REPORT WITH ALL LAWS AND/OR THE MISUSE, IF ANY, OF THE DATA SUPPLIED TO FNC, INC. IN RELATION TO E-AMC'S QUALITY CONTROL PROGRAM.

IX. Limitations of liability and exclusion of damages.

E-AMC'S ENTIRE LIABILITY, AND APPRAISER'S EXCLUSIVE REMEDY WITH RESPECT TO ANY DISPUTE WITH E-AMC SHALL BE THE TERMINATION OF THIS AGREEMENT. IN NO EVENT SHALL E-AMC BE LIABLE FOR ANY SPECIAL, INCIDENTAL, CONSEQUENTIAL OR EXEMPLARY DAMAGES, INCLUDING WITHOUT LIMITATION DAMAGES FOR LOSS OF USE, LOSS OF BUSINESS, LOST PROFITS OR LOSS OF DATA OR INFORMATION OF ANY KIND, ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT, WHETHER OR NOT E-AMC HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH LOSS OR DAMAGE. IN NO EVENT SHALL e-AMC'S LIABILITY TO APPRAISER ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT, WHETHER IN CONTRACT, TORT OR OTHERWISE, EXCEED THE AMOUNT ACTUALLY PAID BY APPRAISER TO E-AMC HEREUNDER WITHIN THE MOST RECENT 12 MONTH PERIOD PRIOR TO ANY CLAIM. TO THE EXTENT THAT A STATE OR JURISDICTION DOES NOT ALLOW THE EXCLUSION OR THE LIMITATION OF LIABILITY FOR CONSEQUENTIAL OR INCIDENTAL DAMAGES, IN SUCH STATES OR JURISDICTIONS, AS TO THAT STATE OR JURISDICTION E-AMC'S LIABILITY SHALL BE LIMITED TO THE FULL EXTENT PERMITTED BY LAW.

NO ACTION, REGARDLESS OF FORM, ARISING OUT OF THE TRANSACTIONS UNDER THIS AGREEMENT MAY BE BROUGHT BY EITHER PARTY HERETO MORE THAN ONE YEAR AFTER THE CAUSE OF ACTION HAS ACCRUED,

EXCEPT THAT AN ACTION FOR NONPAYMENT MAY BE BROUGHT WITHIN ONE YEAR AFTER THE DATE THE LAST PAYMENT WAS DUE.

X. Miscellaneous Provisions

1. **Governing Law.** All terms of this contract shall be governed in accordance with laws of the State of Texas, except that laws governing appraiser licensure and appraisal management company registration shall be governed by the law of the State where the property subject to the appraisal is located.
2. **Severability.** In the event that any court of law or other governing authority deems any provision of this contract to be invalid, illegal, or unenforceable, said provision shall be deemed severed from the contract, and the remainder of the contract shall remain effective and in force; provided, however, if the severed portion is a material term of the contract either party may terminate the contract.
3. **Termination of Contract.** This contract may be terminated by either party without notice; provided, however, written notice of termination shall be given in compliance with any state law where the property subject to the appraisal is located.
4. **Non-Exclusivity.** The parties agree and acknowledge that this contract is not an exclusive contract to either party.
5. **No partnership/agency.** The parties acknowledge that at all times they are operating as independent parties. Nothing contained herein shall constitute a partnership or joint venture between e-AMC and Appraiser. Nothing in this agreement shall be deemed to create an employment relationship, and neither party shall be entitled to any benefits of employment.
6. **Entire Agreement.** This Agreement is the final and exclusive statement of all agreements and understandings between the parties with respect to the subject matter described herein. This contract shall be incorporated in and made a part of each appraisal engagement letter accepted by Appraiser in connection with the preparation of an appraisal.