



WE HAVE
BOILED IT DOWN
FOR YOU

2017 REGULATORY
COMPLIANCE
GUIDEBOOK

MAKING COMPLIANCE EASY FOR LENDERS

Provided is our ~~150~~²⁰ page Compliance Guideline. Appraisal Firewall offers simple solutions to make lenders' compliance worries a thing of the past: we enable our users to prove every appraisal complies with all regulatory appraisal independence requirements to satisfy any auditor¹.

powered by
sharperlending[™]
mortgage technology

 **APPRAISAL
FIREWALL**

Compliance Information and Procedures for Appraisal Firewall

Lenders and appraisers use Appraisal Firewall technology to comply with all federal, state, and investor appraisal regulations including, but not limited to: Dodd-Frank Act (TILA Regulation Z Section 129E), TRID, FDIC Interagency Appraisal and Evaluation Guidelines, CFPB requirements, USPAP, Federal Housing Administration (FHA), ECOA Valuations Rule Reg B E-Sign addendum, and others. Appraisal Firewall allows lenders to setup a firewalled process for ordering and receiving completed appraisals that complies with all regulations so that they can continue working with their trusted local appraisers. Appraisal Firewall is not an Appraisal Management Company (AMC). This document contains compliance information for mortgage lenders using Appraisal Firewall.

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Overview

Appraisal Firewall allows designated employees at the lender office who do not have an interest in the transaction to setup and approve a process for ordering appraisals that complies with all appraisal independence and process requirements. These users are usually Appraisal Administrators or Appraisal Desk Managers in a lender's office, and are called Lender Administrators within Appraisal Firewall. These Administrators manage the appraisal process internally and manage appraiser panels and appraiser rotation within Appraisal Firewall for their organization. Below is an overview of compliance requirements, issues they present, solutions via Appraisal Firewall, a description of the Lender Administrator, and their role in Appraisal Firewall.

Description of the Lender Administrator Role

Lender Administrators are individuals at the lender office who administer the lender's appraisal process.

The Administrator is responsible for identifying the appraisers on a lender's panel to ensure that the lender is compliant with all regulations. The design of the Appraisal Firewall system with the Administrator role prohibits coercion, bribery, and other similar actions that cause an appraiser to base the appraised value of the property on factors other than the appraiser's independent judgment (as is required in TILA section 129E(b)(1), (2), (3), and (4)). Appraisal Firewall allows for proper appraiser engagement and prevention of improper influences on appraisers.

Appraisal Firewall assists the Administrator by automating significant parts of their compliance process for appraisals. Appraisal Firewall lets Administrators quickly setup the appraiser panel at the discretion of the Administrator. This act assumes that the Administrator has knowledge of the appraisers they work with and can accurately prohibit appraisers who may have an interest (financial or otherwise) in the property or the credit transaction from being on their appraiser panel.

Appraisal Firewall allows the Administrator to setup their discretionary appraiser panel that will then work with their organization, and proceeds to assist Administrators in setting up a group of Managed Users including Loan Officers, Processors, Supervisors, and others who may have an interest in the loan transaction (financial or otherwise) and should not have direct contact with the appraisers. The Administrator can then align the Managed User list with the appraiser panel.

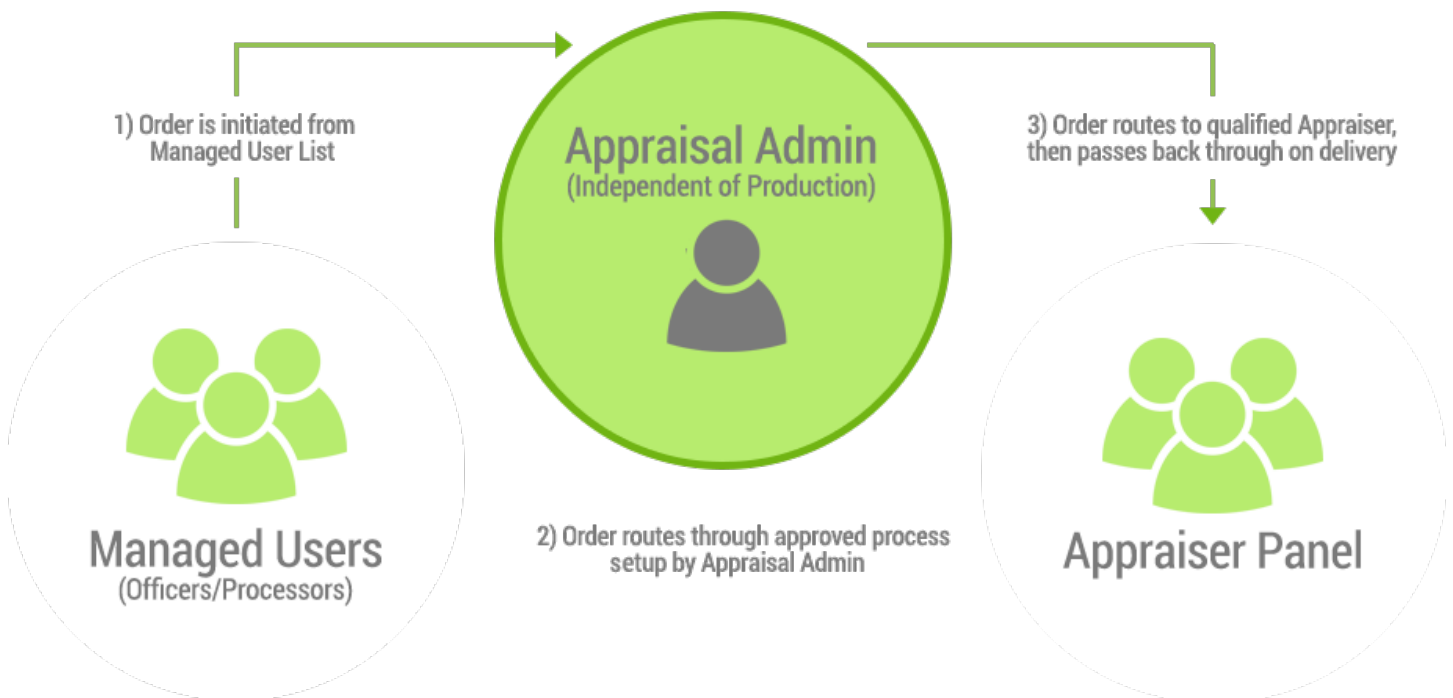


SETUP



Managed Users can enter the information to order the appraisal through the Administrator's setup. All orders are placed through the process the Administrator has setup. The managed users cannot see to whom the appraisal order is assigned, and they cannot see to whom messages are sent. All activity is routed and logged through Appraisal Firewall via the Administrator setup, who then oversees the details behind order assignment and messaging.

APPRAISAL ORDER PLACEMENT



Payment to appraisers can be accomplished in one of two ways: the appraiser bills the Administrator directly, or the lender pays via credit card up front for the appraisal, and the Appraisal Firewall technology remits payment to the appraiser for the lender as a billing service only, similar to PayPal®.

Communications Log – Audit Tracking and Protection

Every appraisal comes with a printable Communications Log that date-and-time stamps every activity taken and message sent on the order. This is your surefire protection against audits and ensures your compliance with all national and state appraisal independence regulations. Whenever an order is completed, the Communications Log should accompany the appraisal.

The screenshot displays a 'COMMUNICATIONS' log interface. At the top, there is a navigation bar with icons for home, dollar sign, paperclip, person, and document. Below the navigation bar, the title 'COMMUNICATIONS' is on the left, and 'View All' with a plus icon is on the right. The log contains five entries, each with a 'FROM' field, a 'TO' field, a 'Type' field, and a timestamp. The first entry is from 'System' to 'tiffany@sharperlending.com' with the subject 'Sent Appraisal Document(s) email notification'. The second entry is from 'Administrator Danielle Admin' to 'Borrower' with the subject 'A copy of the appraisal was sent to the borrower at tiffany@sharperlending.com' and includes a PDF attachment named '6018 N Bridget St_12102016115835_01092017011239.pdf'. The third entry is from 'System' to 'Originator' with the subject 'Automated Review Result' and includes an HTML attachment named '5583282-651218_01122017061042.html'. The fourth entry is from 'Administrator Danielle Admin' to 'System' with the subject 'Sent for automated review'. The fifth entry is from 'Customer Service' with the subject 'The Street has been changed from 6018 N Bridget St to 123 TEST st.'

FROM	TO	Type	Timestamp
System	tiffany@sharperlending.com	Email	1/17/2017 7:56:07 AM
Administrator Danielle Admin	Borrower	Borrower Copy Sent	1/17/2017 7:56:07 AM
System	Originator	Automated Review Result	1/12/2017 6:10:45 PM
Administrator Danielle Admin	System	Automated Review Submission	1/12/2017 6:10:38 PM
Customer Service		Edit Details	1/9/2017 1:15:20 PM

Here is a sample of the print-friendly version for file saving or hard copy storage in loan portfolios.

Communication Log for ref# B968296

Loan#:
Borrower:
Property:

Date/Time	From	To	Attachment	Type	Comment	\$
5/1/2017 9:51:41 AM	System System			Email	Sent Message email notification to Kathy Starkel	
5/1/2017 9:51:40 AM	Appraiser Appraiser	Originator Originator	Ⓢ	Attachment	Attachment	
5/1/2017 9:51:37 AM	System System			Email	Sent Message email notification to Kathy Starkel	
5/1/2017 9:51:37 AM	Appraiser Appraiser	Originator Originator	Ⓢ	Invoice	Appraiser Invoice	
5/1/2017 9:51:37 AM	System System			Email	Sent Report Completed email notification to Kathy Starkel	
5/1/2017 9:51:36 AM	System System			Status Set	Completed	
5/1/2017 9:51:36 AM	Customer Service Customer Service Appraisal Firewall	Appraiser Appraiser		Bill Service Fee	Service Fee	\$17.00
5/1/2017 9:51:36 AM	Appraiser Appraiser	Originator Originator		Bill	Bill amount	\$400.00
5/1/2017 9:51:36 AM	Appraiser Appraiser	Originator Originator	Ⓢ	Delivery XML	Appraisal MISMO XML Delivery	
5/1/2017 9:51:36 AM	Appraiser Appraiser	Originator Originator	Ⓢ	Delivery	Appraiser Report Delivery	
4/17/2017 1:54:17 PM	System System			Email	Sent Price Notification email notification to Kathy Starkel	
4/17/2017 1:54:17 PM	Customer Service Customer Service Appraisal Firewall	Appraiser Appraiser		Service Fee Approval	Service Fee	\$17.00
4/17/2017 1:54:17 PM	Appraiser Appraiser	Originator Originator		Payment Approval	Fee assigned	\$400.00

5/1/2017 9:59 AM

Page 1 of 2

Appraisal Independence Report (AIR) – Certificate of Compliance

The Appraisal Independence Report (AIR) summarizes the Communications Log and asserts, on behalf of the appraiser, that no undue influence occurred in the development of the appraisal. The AIR certificate is generated with every completed appraisal order.

Certificate of Compliance

Subject Property: 429 Clinton Ave, Northvale

Appraisal Date: 5/1/2017

Appraisal Reference Number: B970754 - Order Date: 4/20/2017

certifies that the above referenced appraisal report was completed in compliance with Appraisal Independence Rules as set forth by the Federal Reserve System, the FDIC, Fannie Mae, Freddie Mac, FHA, the Dodd Frank Act and other applicable federal and state laws, in strict adherence to our non-influence policy and process:

- The Lender/Customer named on the appraisal report submitted the appraisal order through the secured Appraisal Firewall transaction management platform (website or direct integration), or through an approved and compliant 3rd party integration.
- The appraiser is chosen utilizing Appraisal Firewall's proprietary selection methodology from a list comprised 'in part or in whole', of qualified appraisers provided by the Lender/Customer.
- The appraisal process maintains a double-blind environment whereby the loan officer, processor or any other originating personnel are not made aware of the appraiser's identity until the time of the final appraisal report delivery.
- The terms and conditions of the engagement contract between Appraisal Firewall and the appraiser prohibit the appraiser from unmonitored communication between Lender/Customer or attempting to obtain value/loan information from the borrower/property owner.
- No estimate regarding the subject property's value, proposed loan amount, or proposed loan-to-value ratio is provided or communicated by to the appraiser [For purchase transactions, the purchase agreement is provided to the appraiser as required by USPAP Standards Rule 1-5(a)].
- All communications for this appraisal transmitted through Appraisal Firewall have been logged and are available for review by Lender/Customer or other designated entity.

Thank you,

The Message Monitor Feature

Administrators can monitor all messaging activity between Managed Users and appraisers via the Message Monitor (shown below). The Message Monitor feature acts as a compliance tracking and management tool which aggregates and displays the content of each message on each order, with a sorting option to manage the huge amount of data easier. Message Monitor ensures that the content of all messages is pertinent to the independent development of the appraisal. It also ensures that no undue influence occurs, including keeping the two parties anonymous of each other, value discussions, etc. If the Administrator determines that influence has occurred in any way, they can immediately cancel the order and take disciplinary action.

The screenshot shows a web application interface for Abe's Lending. The top right corner displays the user's email as 'abe@af.com(Administrator)'. The interface includes a sidebar on the left with navigation options: Orders, New Order, Relationships, and Messages. The main content area features a search bar and filters for 'INCLUDE REVIEWED', 'Last 30 Days', and 'Oldest First'. Below these are tabs for 'UNREAD', 'MONITOR', 'PROPERTY DESCRIPTION', 'ACTIVITIES', and 'NON-ORDER'. The 'MONITOR' tab is active, showing a list of loan orders. Each order entry includes a checkbox, a message icon, a loan ID (e.g., D408775), a name (e.g., nacho), a type (e.g., Refinance), an address (e.g., 235 Main St Spokane, WA 99223), and a lender (e.g., Ticia Lending - Abe's Lending). Below each entry is a message preview: 'From: Appraiser To: Originator - Accepted by the appraiser with the following conditions: - Date R... Conditionally Accepted 04/04/2017 11:42:19 AM'. Other entries show similar details for '234 harvest', 'about', and a system message: 'From: System To: Customer Service - Appraiser accepted and billing activities reassigned to new appraiser Message 04/05/2017 04:26:50 PM'.

TILA-RESPA Integrated Disclosure (TRID) Compliance Appraisal Fee Variance

Per TRID requirements, the appraisal service is one of the services on the Loan Estimate that is fixed, meaning that the borrower cannot shop for an appraisal. While borrowers can shop for a few things on the Loan Estimate, the appraisal is not one of them. Of course, this applies to the cost of the appraisal as well: whatever is quoted on the Loan Estimate as an appraisal cost cannot vary between the Loan Estimate and the Closing Disclosure. If it does, lenders must re-disclose the Loan Estimate, which can delay closing.

Appraisal Firewall allows lender administrators and branch administrators to have zero variance in their appraisal costs by locking the appraisal fee down so that it cannot be negotiated or changed.

Coverage Areas + FIXED PRICING

✕ All, CA ▶

✕ Napa, CA + SAVE ✕ CANCEL

1004 - URAR - Uniform Residential Appraisal Report	500.00	
1004MC - URAR w/Market Condition- Uniform Residential Appraisal Report	500.00	
1004C - Manufactured Home Appraisal Report	500.00	
1004D - Appraisal Update and/or Completion Report	175.00	
2055 - Exterior Only Inspection Residential Appraisal Report	275.00	
1073 - Individual Condominium Unit Appraisal Report	475.00	

The costs on this Fixed Pricing screen reflect lenders who have appraisal products where the price is set by the lender, and the price cannot be set by the appraiser once the order has been accepted. Lenders use this price to quote their appraisal fees on the Loan Estimate. This enables them to comply with TRID variance requirements between the Loan Estimate and the Closing Disclosure for fixed fees for specific mortgage related products and fees.

ECOA Regulation B

Appraisal Firewall helps lenders comply with all of the disclosure requirements in Reg B, including the E-sign requirements.

DISCLOSURE AND DELIVERY REQUIREMENTS FOR COPIES OF APPRAISALS AND OTHER WRITTEN VALUATIONS

- For the complete regulatory text, see this link to the CFPB website: [Click Here](#)
- For Reg B, see this website: [Click Here](#)

Appraisal Firewall allows borrowers to give their consent to receive a copy of the appraisal electronically, and proves that borrowers can properly receive an electronic PDF-formatted copy of the appraisal report. Whenever a lender forwards a copy of the appraisal to a borrower, Appraisal Firewall securely sends the borrower a link via email on behalf of the lender. Here is a sample of the email. *Please note that this is the standard borrower disclosure, and that lenders can upload their own disclosure text at the time of the delivery.*

Appraisal Document(s)!

Dear **Terrence Howard**,

The appraisal document(s) are ready to view for location:

365 Pine View Way Spokane

To comply with our lending policies, we may provide you with multiple appraisal reports for the following reasons:

- 1) Our underwriting policies require more than one appraisal to evaluate your loan application;
- 2) Our appraisal quality process produced a review appraisal report in addition to the originally ordered appraisal report; or
- 3) We received a request for reconsideration of value from you or on your behalf resulting in a new appraisal report or a revised value on your originally ordered appraisal report.

Please note that at this time we may not have fully determined the acceptability of the enclosed appraisal for use in connection with your loan application.

The appraisal(s) used in connection with your loan application was or were prepared solely for our use in evaluating your loan application. The appraisal(s) should not be relied upon by any other person or entity. We make no express or implied representation or warranty of any kind, and we expressly disclaim any liability to any person or entity with respect to the appraisal(s).

Please also be advised that an appraiser must follow certain professional appraisal standards and is not allowed to discuss the appraisal(s) with you or provide a copy of the appraisal directly to you.

Documents included:

- [Appraisal](#)

Please contact me with any questions:

Abraham Stuart
2454445555
Abraham's Lending

Borrowers can follow the link in the email, then enter an Authorization Code that they are provided on-screen into the Appraisal Firewall system. Once the code has been entered, the borrower's acknowledgment of the ability to receive a PDF copy of the appraisal is posted into the Communications Log as proof that they can view the PDF, thus complying with both the Disclosures requirements and the E-Sign requirements as defined in Reg B.

HOW IT WORKS

Whenever a copy of the appraisal is forwarded to the borrower, Appraisal Firewall sends an email to the borrower's email address as entered on the order. When the borrower receives the email, they can click the link enclosed in the email to determine if they can view a PDF copy of the appraisal on their computer.

If the borrower can accept receiving the appraisal electronically via PDF, they will be taken to an Appraisal Firewall page that displays a framed-in PDF file with an alpha-numeric Authorization Code at left. If the Borrower can view the framed-in PDF, they can type the Authorization Code into the corresponding field at right, then click the Confirm button. The borrower is then taken to the PDF copy of the appraisal. The following message is then posted to the Communications Log: "Borrower authorized and confirmed the ability to receive the PDF copy of the appraisal electronically. Borrower copy of the appraisal has been viewed."

PDF View Confirmation

Your appraisal is almost ready for download.

By downloading your appraisal electronically, you are acknowledging that:

- You can read the appraisal report as presented in PDF format.
- You are consenting to receive the report electronically in PDF format instead of paper.
- Your consent is limited to the appraisal associated with this loan and not any other documents associated with this loan or any other transaction.

Please contact your loan officer if you wish to receive a paper copy of your appraisal report or have any questions.

Input the authorization code **MS8NV** in order to download your appraisal.

Authorization Code

You can access the code within the PDF to the left. By inputting the authorization code, you are agreeing to receive the appraisal electronically.

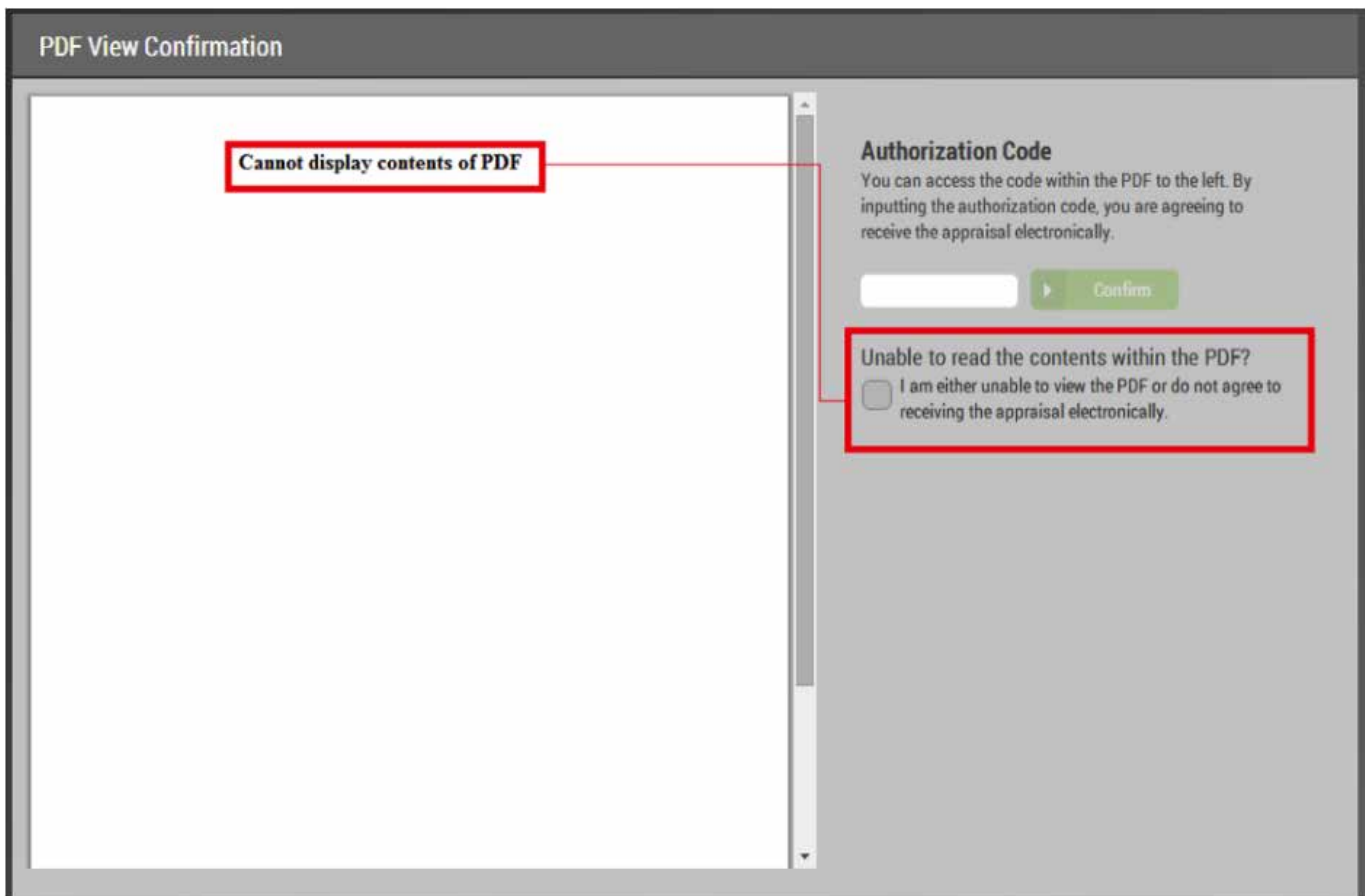
Unable to read the contents within the PDF?

I am either unable to view the PDF or do not agree to receiving the appraisal electronically.

If the borrower cannot view the PDF or declines to accept the appraisal electronically, beneath the Authorization Code field will be a section that asks: "Unable to read the contents within the PDF?" Under this section there is a checkbox labeled "I am either unable to view the PDF or I do not agree to receiving the appraisal electronically." Once this checkbox is checked, the Decline button is enabled.

When the borrower clicks the Decline button, an overlay screen displays, saying “Your lender has just been notified that your copy of the appraisal will need to be printed and delivered to you directly. If you have any questions, please contact your loan officer at (lender company and phone number).” Additionally:

1. An email will be automatically sent to all lender users on the order with a subject line of “Electronic delivery of appraisal not accepted: (property address, borrower name)”
2. The body of the email will contain the following verbiage: “(Borrower Name) has indicated that the appraisal cannot be viewed electronically from their computer. The appraisal will need to be printed out and delivered to the borrower directly.”
3. The Communications Log will be updated with the following: “Borrower has indicated that the appraisal cannot be viewed electronically from their computer. The appraisal will need to be printed out and delivered to the borrower directly.”
4. If the borrower does not view the appraisal within 3 days of completed appraisal being delivered to Appraisal Firewall, the lender is alerted to this. Lenders can follow up with the borrower to ensure they go through the process of accessing and viewing the appraisal.



Section 1472 of the Dodd-Frank Act and TILA Regulation Z Section 129E

Appraisal Firewall allows lenders to comply with Section 1472 of the Dodd-Frank Act, which amends TILA Reg Z to include Section 129E's requirements. TILA Reg Z section 129E creates the new §226.42 rule of Regulation Z, and replaces the prior rule under §226.36(b).

For reference and more information, [Click Here](#)

TILA SECTION 129E REQUIREMENT §226.42(C) – COERCING AND MISREPRESENTING VALUE

- “Prohibits coercion, bribery, and other similar actions designed to cause an appraiser to base the appraised value of the property on factors other than the appraiser independent judgment.”

Appraisal Firewall helps prohibit the coercion or misrepresentation of dwelling value by providing administrative tools that allow appraisal administrators at a lender office to setup, oversee, identify, and manage the appraisal process. Oversight of the process produces a “Big Brother” effect whereby every action of the production staff is watched and logged and can be used to prove what happened on every appraisal from order to completed delivery and onto disputes and additional appraisal products ordered. This automated oversight deters loan officers, processors, brokers, supervisors, and any other employees with an interest in the transaction from directly or indirectly influencing appraisers to hit a specific appraised value when engaging an appraiser for an appraisal (complies with TILA Section 129E requirement §226.42(c)).

Assignment and communications in Appraisal Firewall is handled in a blind manner so loan officers and processors do not know to whom the system assigned the appraisal order. All communication is done in the platform and is completely traceable and auditable.

Appraisal Firewall lets lenders “Prove Their Compliance” by attaching the Communications Log and the Appraisal Independence Report (AIR) to every completed appraisal. All activity is date and time stamped and logs the name of the user that performed the action so that every appraisal is ready for audit.

TILA SECTION 129E REQUIREMENT §226.42(D) – CONFLICTS OF INTEREST

- “Prohibits appraisers and AMCs from having a financial or other interest in the property or the credit transaction.”

When an appraiser accepts an appraisal order, they agree to the Appraisal Firewall Appraiser Agreement, which states the following. This helps lenders comply with TILA Section 129E requirement §226.42(d).

11 . NO FINANCIAL INTEREST IN PROPERTY TO BE APPRAISED.

As the appraiser or AMC who will perform or will assign responsibility to perform this valuation of the subject property, by accepting this order, you attest that you, and/or no other persons in your organization, have no direct or indirect interest, financial or otherwise, in the subject property, or the transaction.

TILA SECTION 129E REQUIREMENT §226.42(E) – CREDIT EXTENSION PROHIBITED

- “Prohibits a creditor from extending credit if it knows, before consummation, of a violation of the prohibition on coercion or conflict of interest.”

Lenders can review all activity that occurs on every appraisal transaction. It is strongly recommended that the Appraisal Firewall Communications Log and AIR be attached to each completed appraisal. This firewalled process provides actionable data to the Lender’s Administrator. Administrators can identify violations, cancel orders, and either order another appraisal from a different appraiser (constitutes “acting with reasonable diligence to determine that the appraisal does not materially misstate or misrepresent the value of the dwelling”), or not extend credit (complies with TILA Section 129E requirement §226.42(e)).

TILA SECTION 129E REQUIREMENT §226.42(F) – CUSTOMARY AND REASONABLE FEES

- “Mandate the payment of reasonable and customary compensation to a “fee appraiser” (e.g. an appraiser who is not the salaried employee of the creditor or the appraisal management company hired by the creditor).”

Appraisers are always paid a customary and reasonable fee for their work because the appraiser sets their own fee. Lender administrators and appraisers can partake in fee negotiations. Lenders can choose to override the appraiser’s fee to set the fee for the appraiser. Appraisers can also conditionally accept appraisal orders based on the fee, meaning that they can communicate “I will perform this appraisal if the fee is changed to “X” amount” anonymously to the lender user. When the fee is set to the appraiser’s liking, the appraiser can accept the order. If the fee is not to the appraiser’s liking, they can decline, and still be in the lender’s appraiser rotation to receive qualified orders. Appraisers can mark up their fees as needed, and can request fee increases to the lender on orders already placed to them for jobs that are bigger than their expectation at the time the order was placed (complies with TILA Section 129E requirement §226.42(f)).

Additionally, to prevent appraisal fee variance from the Loan Estimate to the Closing Disclosure, lenders can choose work with their appraisers up front to agree on a fee, and once it’s entered into Appraisal Firewall, the lender can lock that fee so that it cannot be changed.

TILA SECTION 129E REQUIREMENT §226.42(G) – MANDATORY MISCONDUCT REPORTING

- “Mandate that the parties involved in the transaction report appraiser misconduct to state appraiser licensing authorities.”

The activity that occurs on every appraisal transaction can be printed to hardcopy or saved out of the system electronically. This generates proof of misconduct and assists in reporting to appraiser licensing authorities (complies with TILA Section 129E requirement §226.42(g)).

Additionally, each appraiser’s license can be validated with the Appraisal Sub-Committee web site – www.ASC.gov.

Interagency Appraisal and Evaluation Guidelines

Appraisal Firewall enables lenders to comply with sections V. - XVIII. of the Interagency Appraisal and Evaluation Guidelines developed by the Office of the Comptroller of the Currency (OCC), the Board of Governors of the Federal Reserve System (FRB), the Federal Deposit Insurance Corporation (FDIC), the Office of Thrift Supervision (OTS), and the National Credit Union Administration (NCUA).

Note that Sections I. - IV. of these guidelines are contextual and summarize the guideline rules and requirements. For reference and more information, [Click Here](#)

V. INDEPENDENCE OF THE APPRAISAL AND EVALUATION PROGRAM

Appraisal Firewall enables lending institutions to implement their standards of independence as part of an effective collateral valuation program for all of its real estate lending activity. Lender Administrators can oversee interaction between other lower-level lender users and appraisers to ensure that communication with appraisers is limited in an anonymous manner to:

- Consider additional information about the subject property or about comparable properties.
- Provide additional supporting information about the basis for a valuation.
- Correct factual errors in an appraisal.

They can also implement their independence standards to oversee and prohibit such actions as:

- Communicating a predetermined, expected, or qualifying estimate of value, or a loan amount or target loan-to-value ratio to an appraiser or person performing an evaluation.
- Specifying a minimum value requirement for the property that is needed to approve the loan or as a condition of ordering the valuation.
- Conditioning a person's compensation on loan consummation.
- Failing to compensate a person because a property is not valued at a certain amount.
- Implying that current or future retention of a person's services depends on the amount at which the appraiser or person performing an evaluation values a property.
- Excluding a person from consideration for future engagement because a property's reported market value does not meet a specified threshold.

Independence standards are implemented with three main features in Appraisal Firewall: the Appraisal Independence Report (AIR), the Communications Log, and the Message Monitor.

VI. SELECTION OF APPRAISERS OR PERSONS WHO PERFORM EVALUATIONS

Appraisal Firewall assists lenders and the administration of their appraisal process by helping ensure that the appraiser selection process is fast, easy, and follows best practices for compliance. Some of the aspects of appraiser selection rely upon the lender having safety and soundness policies and procedures for appraisers. Doing this ensures that:

- The person selected possesses the requisite education, expertise, and experience to competently complete the assignment.
- The work performed by appraisers and persons providing evaluation services is periodically reviewed by the institution.
- The person selected is capable of rendering an unbiased opinion.

Appraisal Firewall automates other aspects of appraiser selection.

- Upon acceptance of an order, the appraiser testifies as to whether or not they have a prospective or financial interest in the property. They also indicate whether or not they have appraised the property in the last 3 years.
- Appraisers are required to have a valid, non-expired license/certification uploaded into the system. If they do not, they cannot accept appraisal orders.
- Notes can be entered and stored on a per-appraiser basis that other Lender Administrators can view in their institution.

A. APPROVED APPRAISER LIST

Appraisal Firewall allows Lender Administrators to setup approved appraiser lists. Production staff can then place an order, and the system will assign the order to an appraiser on the approved list that matches the criteria setup by the Lender Administrator. Production staff can neither see nor view individual appraisers or approved appraiser lists or panels.

B. ENGAGEMENT LETTERS

Appraisal Firewall allows lending institutions to upload engagement letters on each order. Lenders can either upload a standard form that will be present on each order, or they can upload custom engagement letters per order for custom or unique properties.

UAD-Compliant Appraisals Submitted to the GSE's UCDP and FHA's EAD Portal

Appraisal Firewall provides lenders with direct appraisal data interfaces to the UCDP and the EAD. These interfaces streamline your compliance with these rules by submitting UAD-compliant appraisals to the Fannie Mae/Freddie Mac Uniform Collateral Data Portal (UCDP) or to the FHA Electronic Appraisal Delivery (EAD) portal electronically. You can avoid losing precious time bouncing from one system to another and have all your UCDP/FHA EAD compliance requirements met right within Appraisal Firewall. Once you have created your UCDP/EAD accounts and enabled UCDP/EAD submission on your Appraisal Firewall account, you and your users will be able to submit your appraisal files directly to the UCDP or the FHA EAD portal.

[UAD, UCDP, and FHA EAD Resources can be found here.](#)

Appraisal Firewall Quality Control Features

Appraisal Firewall offers a robust Quality Control solution that assists lenders in reviewing and verifying appraisal data prior to delivery of the completed appraisal to the user that ordered it and any other users on the order. Manual appraisal reviews are a piece of the entire QC process. You may also be using one, two, or three of the other QC options, including: Completeness Check, Automated Appraisal Reviews, and/or UAD Check. These other pieces in conjunction with the manual review process create the entire QC offering.

If you have a number of these other pieces enabled, here is the order that the system runs these in when an appraiser uploads an appraisal:

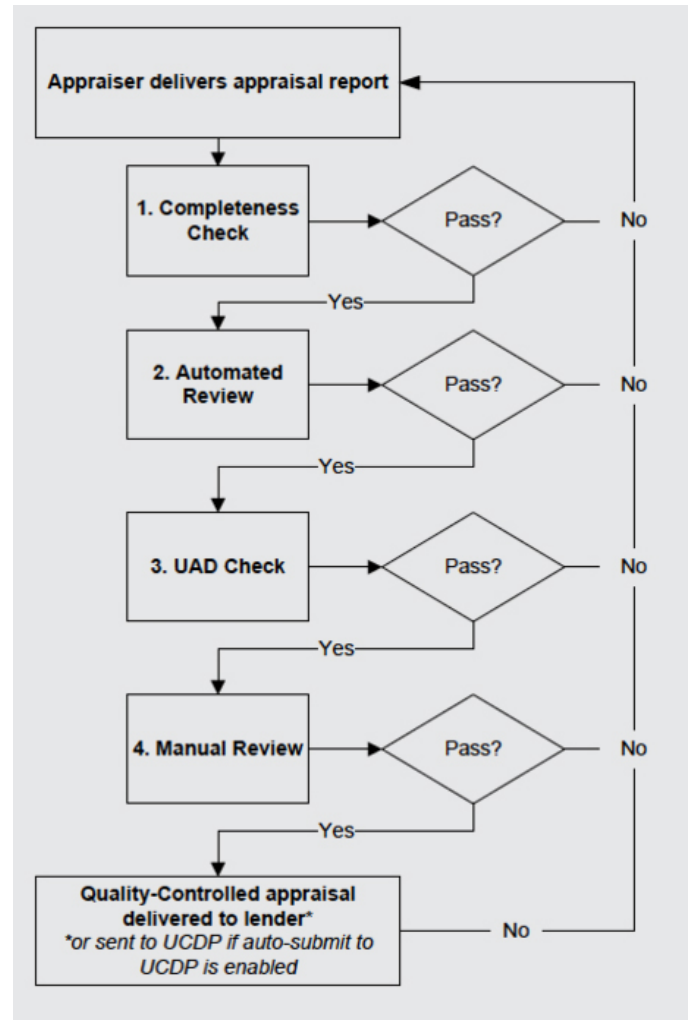
- **Completeness Check**
- **Automated Appraisal Review**
- **UAD Check**
- **Manual Appraisal Review**

Once manual appraisal review is completed, the file can be submitted to UCDP or delivered to the user that placed the order and all other users on the order.

After each QC process runs, it is determined whether the appraisal passed that level of QC. If so, it moves on to the next QC level, with the final level being the delivery of the completed appraisal to the originating lender. If the appraisal does not pass, it is sent back to the appraiser to correct the problems.

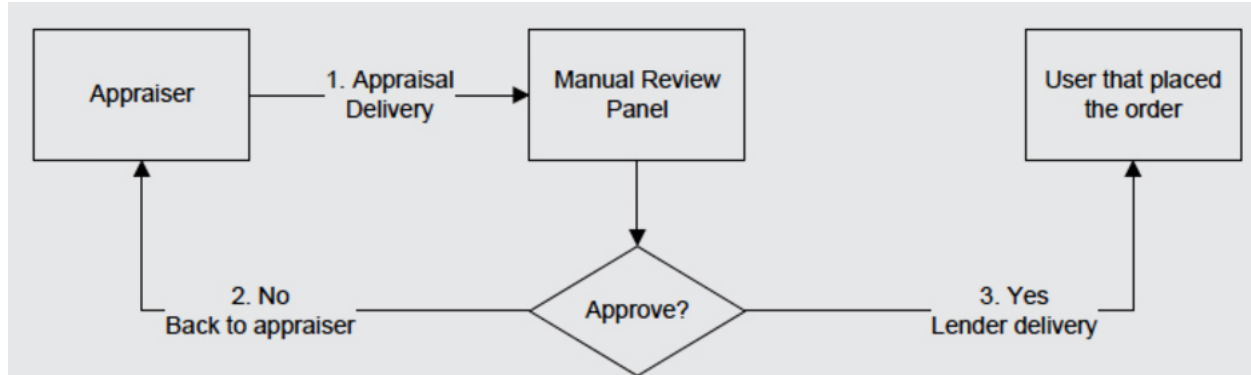
If the appraisal passes the Auto-Review but fails the UAD check and it is sent back to the appraiser, when the appraiser corrects the problems and re-uploads the appraisal, it will be sent back through the Auto-Review again since the appraisal is a new file.

As you can see, the Manual Review QC process is Step #3 (if you have Auto-Review and UAD Check enabled). If you do not have one, or both Auto-Review and UAD Check enabled, Manual Review will run in its place.



The Appraisal Firewall Manual Review Process

When the manual review QC feature is enabled, the appraisal delivery process will be impacted so that the manual reviewer can perform QC work. Here is a brief overview of the manual review lifecycle. This flow chart represents a single Manual Review panel (if you have more than one manual review panel, see the Divisions with Multiple Manual Review Panels section below).



When an appraisal is delivered to the system by an appraiser, it is set to a status of Manual Review, and it will be assigned* to a manual reviewer in the division's reviewer panel.

*It will be automatically assigned to a reviewer as long as the Auto-Assign Reviewer option is enabled. If not, the reviewer must be manually assigned to the order by a Lender Admin or Admin Reviewer.

The manual reviewer will receive an email with a link to the order. They can click the link to go straight to the order.

Once in the order, they can access the appraisal and perform their review work. Reviewers can choose a rating for the appraisal (1-5, 1 being bad, and 5 being outstanding), a disposition (why they rated the appraisal the way they did), add notes, upload attachments, and choose to approve or reject the appraisal.

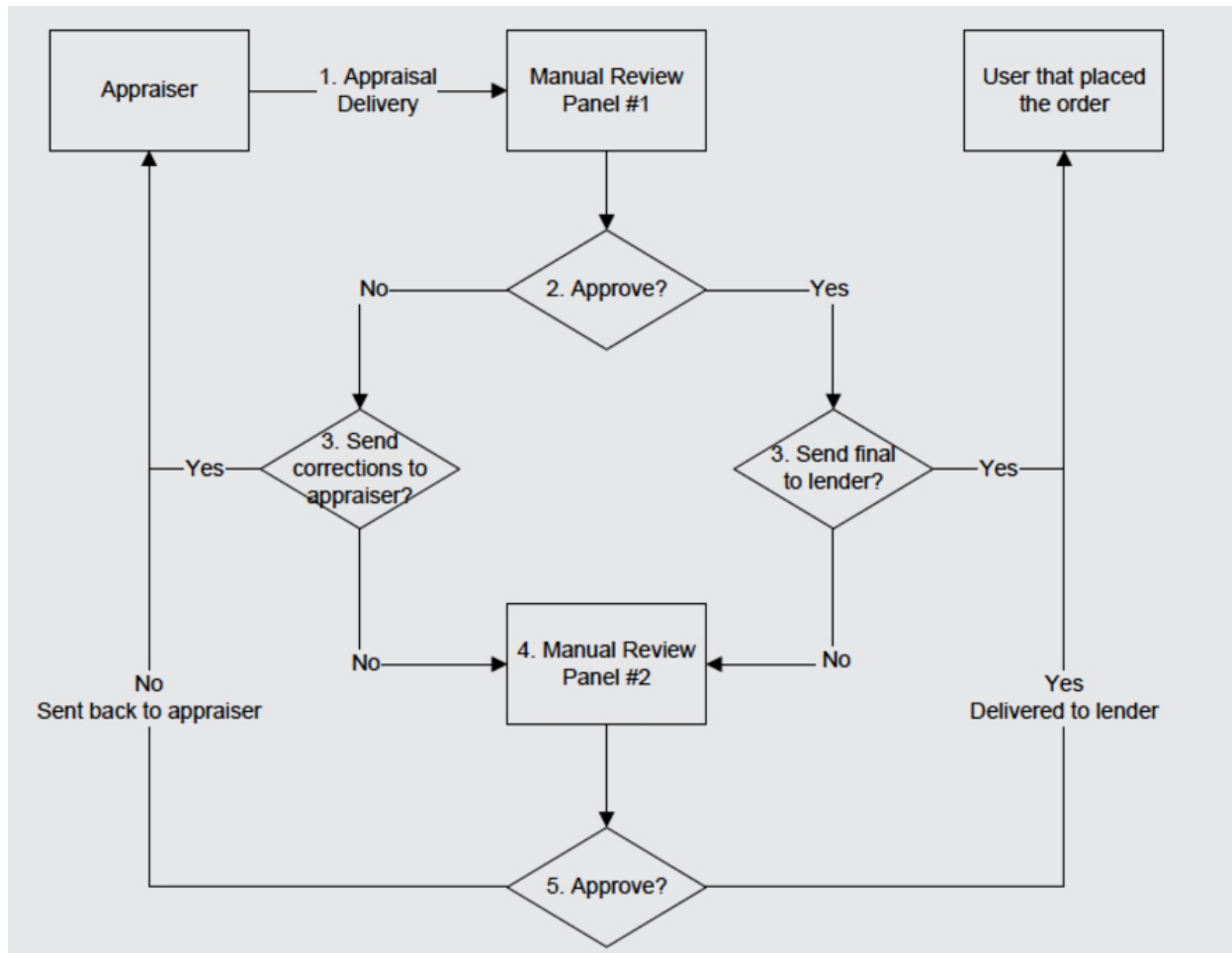
5. Outstanding 4. Exceeds Standards 3. Meets Standards 2. Needs Improvement 1. Unacceptable

If the reviewer approves the appraisal, it will be made available to the user that placed the order, and it will be sent to UCDP. The review information will also be made available to user that placed the order as well as the lender administrator. Note that the lender administrator will have access to the appraisal even when the manual review has not been completed. The managed user that placed the order will not have access to the appraisal until the manual review is completed.

If they decline the appraisal, it will be sent back to the appraiser with the reviewer's notes. The appraiser will need to make corrections to the appraisal, then re-upload the file. The reviewer will then be able to review the appraisal again to ensure that the issues were corrected prior to making the appraisal available to the lender.

HOW MANUAL REVIEWS WORK WITH MULTIPLE REVIEWER PANELS

As an enterprise level real estate appraisal application, the system offers the flexibility and customization options you expect: divisions can have more than one review panel if, say, one panel is made up of reviewers, and another panel is made up of underwriters. If the division has more than one, the flow of the appraisal after delivery looks like this:



Much like the flow of the single-reviewer panel process, when an appraisal is delivered to the system by an appraiser, it is set to a status of Manual Review, and it will be assigned* to a manual reviewer in the division's reviewer panel.

*It will be automatically assigned to a reviewer as long as the Auto-Assign Reviewer option is enabled. If not, the reviewer must be manually assigned to the order by a Lender Admin or Admin Reviewer.

The manual reviewer will receive an email with a link to the order, and perform their review work. Reviewers can choose a rating for the appraisal (1-5, 1 being bad, and 5 being outstanding), a disposition (why they rated the appraisal the way they did), add notes, upload attachments, and choose to approve or reject the appraisal.

If the reviewer approves the appraisal, the reviewer has the option to either send the completed file to the lender, or to send it on to the next review panel. If the second reviewer approves the appraisal, it will be made available to the user that placed the order, and it will be sent to UCDP at this time. The review information will also be made available to the user that placed the order as well as the lender administrator. Note that the lender administrator will have access to the appraisal even when the manual review has not been completed. The managed user that placed the order will not have access to the appraisal until the manual review is completed by both reviewers.

If the reviewer rejects the appraisal, the reviewer has the option to either send the appraisal back to the appraiser for corrections, or they can send it on to the next review panel. If the second reviewer also rejects the order, it will be sent back to the appraiser with the review notes. The appraiser will need to make corrections to the appraisal, then re-upload the file. Both the reviewer on the first panel and the reviewer on the second panel will then be able to review the appraisal again to ensure that the issues were corrected prior to making the appraisal available to the lender. Once approved, the appraisal will be delivered to the user that placed the order and any other users on the order.

[Complete information on the Appraisal Firewall Manual Review process can be found here.](#)

Electronic Appraiser Data Validation with ASC.gov Data Interface

Appraisal Firewall enables lenders to ensure their panel appraisers are in good standing automatically via a direct data interface to the Appraisal Sub-Committee (ASC.gov) database. The Appraisal Sub-Committee “provides federal oversight of State appraiser regulatory programs and a monitoring framework for the Appraisal Foundation and the Federal Financial Institutions Regulatory Agencies in their roles to protect federal financial and public policy interests in real estate appraisals utilized in federally related transactions.”

You can automatically validate all of your appraisers’ licenses, expiration dates, company name, address, and phone number in seconds.

WE ARE HERE TO HELP

Contact us with any questions about this Guidebook.

Phone: (800)452-1174 option 4

Email: AppraisalFirewall@SharperLending.com

Web: www.AppraisalFirewall.com

¹This document is for informational purposes only and not for the purpose of providing legal advice. You should contact your attorney to obtain advice with respect to any particular practice, process, issue or problem.

The opinions expressed through this document are the aggregation of opinions of lenders using the system.