Three common appraisal compliance challenges:

Automation for easy compliance

1-800-434-7260
Appraisals: Three compliance challenges

1. **Appraiser independence requirements (AIR):** There can be no pressure on vendors to "hit value" and collateral valuation operations must be isolated from commissioned staff.

2. **Due diligence on service providers:** You must conduct thorough due diligence on your appraisers, AMCs, and third party service providers.

3. **Compliant delivery to the borrower:** You must deliver copies of the appraisal within a certain timeframe, and in full compliance with privacy laws.
1. Appraiser independence (AIR)

Whether you use appraisers or AMCs, vendor assignment is critical. You must:

- Prevent commissioned staff from ordering the appraisal directly so independence is preserved
- Prove the appraiser is selected based on intelligent, compliant criteria (proximity to property, licenses held, experience, ratings, etc.)
- Maintain an audit trail of every loan’s appraisal process to prove compliance or avoid buybacks later
Appraiser independence

software automation...
Firewalls: Customize your vendor selection criteria to suit your business.

The ideal vendors for each order are chosen automatically from your fee panel.

Need extra vendors? 29,000 appraisers are ready as backup.

Pass software fees to vendors, if you wish.

Set your minimums and preferences.

Drag and drop your priorities.
2. Vendor due diligence

Whether you use appraisers or AMCs, you must prove you’ve conducted thorough due diligence on your vendors (FNMA, FDIC, OCC). You should:

• Get a system in place to track vendor performance
• Have the ability to easily swap vendors when needed
• Conduct due diligence on your service providers
Vendor due diligence

What does it look like?
Profiles for each vendor with resumes, licenses, insurance, and more, verified DAILY against ASC.

Vendor performance rating system assists with intelligently assigning your future orders.

Track stats on each vendor for report revisions, late percentages, order acceptance and filter by products, county, and time period.
## Vendor Statistics
(Based on all orders from 6/1/2015 to 6/30/2015)

<table>
<thead>
<tr>
<th>Company</th>
<th>State</th>
<th>Accepted</th>
<th>Declined</th>
<th>Expired</th>
<th>Average Fee</th>
<th>On Time</th>
<th>Late</th>
<th>Rework</th>
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<td>3</td>
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<td>5</td>
<td>0</td>
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</table>
3. Compliant delivery to the borrower

All appraisals must be delivered to the borrower promptly after receipt, and no later than three days prior to closing. You must:

- Provide the appraisal to the borrower and prove it with an audit trail (CFPB, ECOA Valuation Rule)
- Comply with all consumer privacy and data security laws (GLBA, eSign Act)
- Provide an easy, professional process that impresses borrowers
Compliant delivery to the borrower

How do you prove it?
Send all appraisal documents securely, not as attachments in unencrypted email

Provide appropriate disclosures to comply with law

Verify recipient can receive electronically, in compliance with eDisclosure requirements

IMPORTANT:
Record audit trails with date and time stamps to prove compliance later (automate it)
Compliance can boost your image

- Borrower’s experience can be branded for you, for example “Provided by (your company’s name and logo)”
- Requirement: Look great on mobile devices
- Publicize your operation changes: Emphasizes your commitment to their security
Free white paper download

www.MercuryVMP.com/ECOA
Mercury Network

Software used by more than 700 lenders and AMCs to connect with appraisal vendors for enhanced compliance, efficiency and quality.
Thank you! Questions?

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1-800-434-7260