

Code Of Conduct

1. Code of Conduct. The Center has defined certain activities and actions that, if engaged in by a person or entity involved in the residential real estate industry, would most likely result in the improper increase or decrease of appraisals or valuations conducted pursuant to residential mortgage lending. Any person or entity that violates the Code of Conduct may have a complaint filed against it by a Signatory. An action of Improper Influence and/or Improper Retaliation (as each are defined below) would result in a violation of the Code of Conduct.

1.1 "Improper Influence" is defined as any action or actions that, in consideration of the circumstances, would reasonably be expected, on any appraisal or valuation, group of appraisals or valuations, or future appraisals or valuations, to increase or decrease an appraiser's, appraisers', valuation management firm or firms, valuation result or results other than to achieve the most accurate and honest value. (Hereinafter sometimes collectively and separately referred to as "Improper Retaliation"). It also includes any action that is intended to influence another person or entity to Improperly Influence a valuation or appraisal. This specifically includes any direct, indirect or threatened Improper Retaliation as described below, including, but not limited to:

- 1.1.1 Reducing the amount of or remuneration for valuation services;
- 1.1.2 Changing the payment terms for valuation services;
- 1.1.3 In any method penalizing or harming the business of any valuation professional;
- 1.1.4 Affecting any terms of employment, compensation, promotion opportunities of any employee, agent or contractor;
- 1.1.5 Offering any reward of additional business or greater remuneration for business;
- 1.1.6 Cancellation of a valuation order;
- 1.1.7 In any other direct or indirect manner coercing a valuation professional to breach his or her professional Code of Ethics in order to obtain valuation results desired by any other person or entity.

1.2 Improper Influence shall also occur when, at such point as the appraiser or valuation manager feels uncomfortable with further debate or communication with any other person or entity as to the valuation result, and communicates same; that other person or entity does not cease such communication and allow the appraiser or valuation manager to complete the valuation or appraisal in such manner as the appraiser or valuation manager, in its sole discretion, feels is appropriate.

1.3 Improper influence, however, specifically does not include the following ("Permitted Activities"):

- 1.3.1 The submission to the appraiser of comparable sales, pending sales or listings that, in good faith, is believed will lead to a more accurate value conclusion
- 1.3.2 A discussion with an appraiser as to market trends, comparable adjustments, the utilization of comparables or other matters that are included in the appraisal or valuation that, in good faith, is reasonably believed will lead to a more accurate value conclusion, provided, however, that the person in such discussion does not, along with the permitted activities, directly, indirectly or by threat, Improperly Influence the appraiser or valuation manager as described above.

1.4 It is acknowledged and understood that the opinion held by parties who solicit and receive appraisals and valuations, concerning the performance of those who perform those functions is their right and privilege. It is further acknowledged that the choice of appraisers and decision as to the appraiser's performance may often be influenced by the opinion of others, including a Lender, Broker, Valuation Management Firm or other similar persons or entities. It is not improper for such persons or entities to express an opinion as to the appraiser's performance or conduct provided that such expression does not, in any way, result in:

- 1.4.1 An appraiser improperly modifying an appraisal result; or
- 1.4.2 A lender choosing to use or not to use an appraiser based upon its value conclusions not being sufficiently high to meet the desires of the agent or customer