



LENDER SIGNATORY AGREEMENT

THIS AGREEMENT (the "Agreement") is entered into on this _____ day of _____ 2_____ by and between The National Community Reinvestment Coalition dba The Center for Responsible Appraisals and Valuations (hereinafter referred to as the "Center") and _____ ("Lender").

WHEREAS, the parties hereto acknowledge the need for voluntary national, industry wide standards relating to the valuation of residential real property that acts as collateral for mortgage lending transactions; being specific standards that supplement and, and augment those general regulations contained in various federal and state laws, rules and regulations; and

WHEREAS, the parties hereto acknowledge the need for voluntary agreements to comply with such standards by various entities within the residential real estate and mortgage lending industries; and

WHEREAS, the parties acknowledge that the publication of a list of industry Signatories which agree to voluntarily be bound by standards equal to and above those set by law, and are contractually committed to performing mortgage lending, valuation and appraisals within the standards set forth herein; and the inclusion of a Lender as a Signatory thereof, is of substantial economic benefit to such a Lender; and

WHEREAS, the parties wish to participate in dispute resolution mechanisms, wherein Signatories to agreements with the Center and others would submit to review, mediation and arbitration of disputes between them arising under this and other, similar, Center agreements with lenders, valuation management firms, real estate brokers, appraisers, Government Sponsored Enterprises ("GSEs"), secondary market mortgage buyers and others within the residential real estate and lending industries; and

WHEREAS, the parties desire to create certification standards regarding the above stated issues that Lenders can attain through the completion of certain agreements, procedures and auditable procedures and acknowledge that the attainment of a certification standard and the publication thereof may be of substantial benefit to such a lender;

IT IS AGREED:

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 who 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; subject however to the following Safe Harbor Practice as contained within Section 1.5 hereof.
- 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.
- 1.5 Safe Harbor. If an appraiser, valuation management firm, and lender cannot, in good faith and in conformity with the Code of Conduct set forth under the Center agreements, agree as to the result of any valuation, any of them may submit same to review by the Center, which shall review the appraisal or evaluation along with any supporting facts or documentation and shall set forth its opinion as to the correctness, accuracy and compliance of the valuation. The results of that review may be appropriately considered by the appraiser who must thereupon decide upon the result of the valuation in full compliance with USPAP. If, however, the appraiser fails to conform its opinion of value with the result of the review process, then the Lender shall be able to consider that result, along with other lawful factors, in determining the appropriateness of the performance of the appraiser or valuation management firm as regards future business, without same being considered Improper Influence or Retaliation hereunder. The cost of said review shall be borne by any

lender that is a Signatory. If the Lender is not a Signatory the parties may split the cost thereof between them in any manner they desire. The cost shall be set yearly and, for year 2005 shall be 125.00 dollars. The submission shall be made through the Center website on the basis set forth thereon.

2. The Lender Agrees as Follows.

- 2.1 It shall not Improperly Influence appraisals or valuations, nor shall it Improperly Retaliate against any appraiser or valuation management firm.
- 2.2 It shall fully submit to the dispute resolution provisions contained herein upon complaint brought by a Signatory and shall comply with the results thereof.
- 2.3 It shall not, in any manner, directly or indirectly retaliate against any Signatory that has brought a complaint against it under the dispute resolution provisions contained within Section 3 herein.
- 2.4 It shall abide by the terms of this agreement in all material respects.
- 2.5 It shall substantially abide by all federal, state and local laws, rules, regulations and guidelines concerning valuation practices, specifically including FIRREA.
- 2.6 The Lender agrees that, within one year of the date of this agreement, the Lender shall have exercised its best efforts to utilize available and appropriate Center Signatory Appraisers and/or Valuation Management Firms for all appraisals or valuations made upon loans having the following characteristics (hereinafter referred to as "High Vulnerability Loans").
- 2.7 First Mortgage Loans. Credits less than \$150,000 where either the expected Loan to value ratio is greater than 90% or where the borrowers Credit score is under 680.
- 2.8 Home Equity Loans or Loans made subordinate to a first mortgage loan. Where the combined mortgaged indebtedness of the borrower on that property, immediately after the granting of the credit in that subordinated loan is less than \$150,000, and where either the combined loan to value ratio of all mortgaged debt on the property is expected to be greater than 90% or where the borrower's Credit score is under 680.
- 2.9 The Center shall, periodically, review the above characteristics of High Vulnerability Loans and shall, upon six-month notice to Signatories, be able to amend those characteristics under Section 3 hereof.
- 2.10 The Lender agrees to provide the Center with such proof as is reasonably requested by the Center as to its compliance with Section 2 hereof.
- 2.11 The Center and Lender acknowledge and agree that the use of Valuation Management Companies and Appraisers which or who are Center Signatories is not intended to, nor does it, constitute the use or favoring of appraisers with any particular professional affiliation, as is prohibited under law (FIRREA). The use of the Center Signatory appraisers or valuation management firms is intended only to insure that standards of performance and integrity are met and that those with which the lender does business are obligated by the Code of Conduct, a violation of which can lead to alternative dispute resolution under the terms hereof.
- 2.12 The Lender agrees that all disputes reported against it shall be handled by the offices of its Chief Compliance Officer or General Counsel to avoid possible retaliation against a Signatory Claimant.
- 2.13 The Lender agrees to pay the Center a yearly sum based upon the number of agents it presently has, as a Signatory to the agreement. Such amount may be changed yearly by the Center. The current schedule shall be:
 - 1) Less than 10 agents: \$500
 - 2) 11 to 100 agents: \$5,000

- 3) 101 to 500 agents: \$25,000
- 4) Over 500 agents: \$50,000

2.14 The Lender further agrees that any allegations made against another Signatory under the terms hereof shall be made in good faith and after reasonable attempts to ascertain the truthfulness thereof.

3. The Center's Duties, Obligations and Functions and Alternative Dispute Resolution.

3.1 The Center shall create and publish (i) standards for Certification of Lenders as Levels I through III as well as (ii) characteristics of High Vulnerability Loans, through the input and advice of its advisory board along with other professionals as chosen by the Center. Such standards and characteristics shall be submitted for comment to all Center Signatories, six months before finalization. Final standards and characteristics shall be made by the Center in its sole discretion following such comment and shall become effective six months after finalization. Material changes to standards shall be subject to the above process.

3.2 If, due to the failure of the Signatory Lender to submit satisfactory proof under Section 2 or if the Center, in good faith, has reason to believe that the Signatory Lender is in material breach of this Agreement, then upon the Center's own action, the Center may allege that the Lender is in material breach of this agreement and may be terminated as a Signatory. The Center shall exercise reasonableness and good faith in attempting to obtain a resolution of the matter. The Center shall have authority to speak to employees, agents and contractors of the parties to the dispute and request the production of documents germane thereto. All Signatories agree that they shall fully cooperate with such requests.

3.3 In any determination as to the default of a Signatory to its Center agreement, the Center shall take into consideration:

3.3.1 The egregiousness of the circumstances and the seriousness of the breach

3.3.2 The possibility that any alleged improper influence was either a permitted activity, an expression of a Lender's opinion that was not intended to create Improper Influence or Retaliation, as defined herein.

3.3.3 Whether the Lender's activities were part of a pattern of Improper Influence or breaches of its Center agreements.

3.3.4 Whether the Lender will cure its violation or violations of this agreement

3.3.5 The likelihood that there will be continued violations of this agreement

3.4 If, in its reasonable discretion, the Center is unable to reach an acceptable resolution of the matters in Section 3, it shall notify the Signatory that it is submitting the same to arbitration by and under the rules of the Center For Public Resources, the results of which are final and binding and enforceable by any court of competent jurisdiction. The initial estimated fees of that proceeding shall be paid by the Lender. The full and complete cost of such arbitration proceeding, however, along with all costs and fees, including reasonable attorney fees of both parties, shall be borne by the party which loses the arbitration, or, if there is an inconclusive decision, in such manner as the Arbitrator, in its sole discretion, decides is equitable. The arbitrator shall not have the authority to award damages to any party to the arbitration other than costs. It shall, however, have authority to enter an order holding that there has or has not been a material breach of this agreement, allowing termination of the Signatory status of the Lender.

3.5 A Center Signatory may complain of, and only of, an alleged violation of this Agreement by the Lender that allegedly has damaged such a Signatory, and in such instance, or, in the event that the Lender complains that any other Signatory has violated its agreement with the Center, thereupon, the Center shall provide for alternative dispute resolution between the Claimant and the respondents by and under the rules of the American Arbitration

Association, specifically The Supplementary Procedures for Resolution of Disputes (SPRD) for the Center. The Claimant may file a complaint requesting online Informal Conciliation. If that fails to provide a satisfactory result either party may request mediation, which shall be provided by the Center, through the American Arbitration Association. If desired, the Claimant may demand arbitration at any time. The Center shall charge fees for such services, which shall be set and published yearly. The cost of the Informal Conciliation shall be borne by the Claimant. The cost of mediation and arbitration shall be split equally between the Claimant and respondents. The cost of the Informal Conciliation, mediation and arbitration are attached hereto as Exhibit A (Fee Chart) and may be revised from time to time by the Center. Any change in the Fee Chart will be incorporated by reference herein and made available on the Center's website.

- 3.6 If the Claimant submits the matter for arbitration, and upon such submission, the matter, including the arbitrability thereof, shall be conducted by and under the rules of the American Arbitration Association, specifically The Supplementary Procedures for Resolution of Disputes (SPRD) for the Center, the results of which shall be final and binding upon the parties and enforceable by any court of competent jurisdiction. The parties shall, initially, split the projected fees of the proceeding one half to the Claimant and one half to the respondent. The full and complete cost of such arbitration proceeding, along with all costs and fees, excluding attorney fees, however, shall be ultimately borne by the party which loses the arbitration, or, if there is an inconclusive decision, in such manner as the Arbitrator, in its sole discretion, decides is equitable. The arbitrator shall not have the authority to award damages to any party to the arbitration other than the amount of any unpaid valuations at question. It shall, however, have authority to find that there has been a violation of this Agreement and order injunctive or other equitable relief to the Claimant. If the Claimant compels the result of the arbitration to be enforced by a court of law, all costs and fees thereof, including reasonable attorney fees only in regular arbitration, shall be awarded to the prevailing party by such court of law.
- 3.7 The Center shall publish, at least quarterly, (i) a list of those lenders, appraisers, secondary market buyers, GSEs, mortgage insurers, real estate brokers and others who are then currently Signatories to compliance agreements (ii) those entities or persons who have refused to enter such agreements and have had unresolved complaints filed by Signatories against them, (iii) any lender or other Signatory who was a Signatory but which status as a Signatory has been terminated by the Center under the terms of its agreement therewith and (iv) the then current Certification level or status of lenders and appraisers.
- 3.8 It is understood and agreed that the Center shall have the right to outsource any portions of its duties and obligations hereunder to appropriate third parties upon such terms and conditions as they, in their sole discretion, deem advisable. If the Center has outsourced to any entity that is a Signatory, or which is an affiliate of a Signatory, and upon complaint against such an entity by a Signatory, then any arbitration by or against such entity under Section 3 hereof, shall be conducted by and under the rules of the Center For Public Resources (rather than the American Arbitration Association) in identical fashion to those under section 3 hereof.
- 3.9 The Center shall allow the use of the Terms "Center Signatory Lender" on all of the Lender's literature, printing, advertising and promotional materials. It shall also allow lenders to utilize and publicize the then current Certification Level, if any, that it has attained. The Center shall attempt to educate the public as to the import of utilizing Signatory Lenders.
- 3.10 The Center shall utilize reasonable efforts to obtain Signatory status of appraiser, lenders, valuation management firms, valuation management firms, real estate brokers, secondary market buyers and others within the residential real estate and lending industries, all of which agreements contain default provisions prohibiting:
- (a) Improper Influence or Retaliation, as defined herein

- (b) The failure to report instances of actual or attempted Improper Influence or Retaliation to the Forum, as referenced below.
- (c) An intentional violation of USPAP standards by an appraiser or management firm, leading to fraudulent, dishonest or intentionally inaccurate valuation results.

3.11 The Center shall maintain a database wherein Signatories to Center agreements may report alleged violations of agreements by other Center Signatories and others. The contents of those complaints shall be available only to Center Signatories upon the filing of a complaint against another Signatory or others. It is acknowledged that The Center does not, in any fashion, by such publication, opine or give credence or credibility to the truthfulness or veracity of the content of any such allegations. It is incumbent upon any Signatory to investigate the veracity of such allegations. In the event that any allegation has been made in bad faith and is untruthful, such conduct shall be in violation of that Signatories agreement with the Center. The Center will, however, consider the content of such messages in determining whether it shall investigate whether any Signatory is in breach of its Center Signatory agreements.

4. Default.

4.1 If the Center, in good faith, has reason to believe that the Signatory Lender is in material breach of this Agreement, then upon the Center's own action, the Center may allege that the Lender is in material breach of this agreement and may be terminated as a Signatory. The Center shall exercise reasonableness and good faith in attempting to obtain a resolution of the matter. The Center shall have authority to speak to employees, agents and contractors of the parties to the dispute and request the production of documents germane thereto. All Signatories agree that they shall fully cooperate with such requests.

4.1.1 In any determination as to the default of a Signatory to its Center agreement, the Center shall take into consideration:

- (i) The egregiousness of the circumstances and the seriousness of the breach;
- (ii) The possibility that any alleged breach was not intentional;
- (iii) Whether the Signatory's breach was part of a pattern of Improper Conduct or breaches of its Center agreements;
- (iv) Whether the Signatory is likely to cure its violation or violations of this Agreement;
- (v) The likelihood that there will be continued violations of this Agreement.

4.2 If, in its reasonable discretion, the Center is unable to reach an acceptable resolution of the matters in this Section 4 with the Lender, it shall notify the Lender that it is terminating its Signatory status. The Lender may, within (thirty) 30 days, submit the same to arbitration by and under the rules of the Center For Public Resources, the results of which are final and binding and enforceable by any court of competent jurisdiction. The initial estimated fees of that proceeding shall be paid by the Lender. The Arbitrator is, however, directed to and shall, along with determining whether the termination of Signatory status was proper hereunder, award all costs and fees of such arbitration proceeding, including reasonable attorney fees of both parties, to the prevailing party, or, if there is an inconclusive decision, in such manner as the Arbitrator, in its sole discretion, decides is equitable. The arbitrator shall not have the authority to award damages to any party to the arbitration other than costs. It shall, however, have authority to enter an order holding that there has or has not been a material breach of this agreement, allowing termination of the Signatory status of the Lender.

5. Definitions.

- 5.1 Accounting Firm - A “Big Four” Certified Public Accounting Firm or a Firm of similar presence in the industry.
- 5.2 ACPA. Approved Certified Public Accountant is one, which has been approved by the Center and is listed as an Approved CPA.
- 5.3 AVMF. Approved Valuation Management Firm is a Firm within the mortgage lending industry for at least ten years prior to the signing of Signatory Agreement.
- 5.4 FIRREA. Financial Institutions Reform, Recovery and Enforcement Act of 1989.
- 5.5 GSEs. Government Sponsored Enterprises.
- 5.6 Signatory. Any appraiser, lender, real estate broker, appraisal management company, Government Sponsored Entity (GSE) who have become members of the Center by entering in a Signatory Agreement with the Center.
- 5.7 SVMF. A Signatory Valuation Management Firm is any Valuation Management Firm that is then currently a Signatory to an agreement with the Center and has not been terminated therefrom.
- 5.8 SVP. A Signatory Valuation Personnel is any Valuation Personnel who:
- i. Has signed and is, at such time, in compliance with a SVP compliance agreement.
 - ii. Has passed the necessary compliance course offered through the Center.
 - iii. Does not have any component of compensation based on loan production or any measurable that is directly or indirectly based on the results of valuations meeting customer desires for inflated valuations.
 - iv. Agrees to and does not attempt to Improperly Influence and does not attempt to Improperly Retaliate against any Signatory.
 - v. Agrees to and does notify the Center of any person or entity which inappropriately attempts to Improperly Influence a valuation result or Improperly Retaliate.
- 5.9 SPRD. Supplementary Procedures for Resolution of Disputes are specific rules and procedures along with fees, added to the AAA Commercial Arbitration Rules from the special features of the Center for Responsible Appraisals and Valuations Alternative Dispute Resolution (ADR).
- 5.10 USPAP. Uniform Standards of Professional Appraisal Practice.
- 5.11 VMF. A Valuation Management Firm is any entity, other than a Mortgage Lender, Mortgage Broker, or Mortgage Originator; or employees thereof, or an appraisal firm itself, which or who, for or on behalf of, or in joint venture with a Lender, performs any of the Valuation Functions.
- 5.12 Valuation Personnel. Valuation Personnel are any employees, agents or contractors of the VMF who perform any of the following activities, jobs and responsibilities (sometimes collectively referenced herein as "Valuation Functions") for or on behalf of the VMF including:
- i. Choosing, deciding upon, organizing, prioritizing or otherwise influencing the appraisers, other valuation management firms or valuation professionals (referred to collectively as “valuation professionals”) that may be used on residential real estate loans made, purchased or funded by any Lender (“the slate”).
 - ii. Adding valuation professionals to the slate.
 - iii. Removing valuation professionals from the slate.
 - iv. Ordering valuations.
 - v. Managing valuations and communicating with appraisers.

- vi. Impacting the amount of, or price of valuations for an appraiser or valuation supplier.
- vii. Choosing or impacting the type of valuation used.
- viii. Communications regarding the result of the valuation with the appraiser and handling of appeals of the valuation result.
- ix. Reviewing the valuation.
- x. Auditing the valuation or the valuation process.

5.13 The Center Signatory Appraiser or Center Signatory Valuation Management Firm shall mean any appraiser or Valuation Management Firm, as is, then, a Signatory to a Center Compliance Agreement

6. Other Terms

- 6.1 This agreement shall be in force and effect for one year following the date hereof. The agreement shall automatically renew for successive one year terms thereafter unless notice is given by the party desiring to terminate, at least 90 days prior to the anniversary date. Either party may terminate upon 90 days prior written notice.
- 6.2 The only remedy of either party, at law or in equity, for a breach or default in the performance hereof is termination as set forth herein. THE PARTIES SPECIFICALLY AGREE THAT THEY EACH WAIVE ALL DAMAGES OR RELIEF OF ANY SORT, ACTUAL, CONSEQUENTIAL OR OTHERWISE AND AT LAW OR IN EQUITY BASED UPON THIS AGREEMENT OR THE BREACH OR DEFAULT THEREOF AND WAIVE ANY CLAIM, CAUSE OF ACTION OR DAMAGES RESULTING FROM THE ALLEGATIONS OF ANY SIGNATORY RECIEVED OR MADE BY THE CENTER. SUCH WAIVER SHALL BE APPLICABLE TO AND RUN TO THE BENEFIT OF, ANY ENTITY OUTSOURCING THE DUTIES OF THE CENTER HEREUNDER.
- 6.3 If the acts or omissions which lead to a default or breach under this agreement by a Signatory lender are, as well, a violation of any rule, regulation, law or create a claim at law or in equity, against any person or entity, the resolution of disputes hereunder shall in no manner be deemed to waive any right or duty of any party to pursue any claim or right against the defaulting, or allegedly defaulting party.
- 6.4 If any portions of this agreement are held to be illegal or unenforceable by a court of competent jurisdiction, the intent of the parties is to have this agreement amended, by such action, to be most consistent with the intent evidenced herein and under appropriate law
- 6.5 The Alternative Dispute Resolution (ADR) process may proceed in the absence of any party or representative who, after due notice, fails to be present or fails to obtain a postponement. An award shall be made solely on the default of a party. The neutral, if applicable, shall require the party who is present to submit such evidence as the neutral may require for the making of an award

7. Governing Law. All questions concerning this Agreement, its construction, and the rights and liabilities of the parties hereto shall be interpreted and enforced in accordance with the laws of the State of Ohio as applied to contracts that are executed and performed entirely within this state.

8. Force Majeure. Neither party shall be deemed in default of this Agreement to the extent of non-performance of its obligations or attempts to cure any breach or delay of performance by reason of any act of God, fire, natural disaster, accident, act of government, strikes, terrorism (including cyber-terrorism), unavailability of material, telecommunications capacity, or the failure of any third party provider to supply goods or services associated with or comprising any valuation service hereunder unless such failure of any parties seeking the protection of this clause was materially created, extended or worsened by its conduct or negligence.

9. Interpretation. It is understood and agreed that any ambiguities contained in this Agreement and any amendments thereto should not be presumptively construed against either party.

10. Assignment. The Lender may not assign or otherwise transfer any of its rights or obligations under this Agreement to any third party without the prior written consent of the Center. No permitted assignment shall relieve a party of its obligations hereunder with respect to Confidential Information disclosed prior to the assignment. The Center may freely assign or otherwise transfer any of its rights or obligations under this Agreement to any third party. Any assignment in violation of this Section shall be null and void.

11. No Modification or Waivers. The provisions of this Agreement may not be modified, amended or waived, except by a written instrument duly executed by both Parties.

12. Counterparts and Facsimile Execution. This Agreement may be executed in several counterparts, each of which so executed shall be deemed to be an original, but such counterparts shall together constitute and be one and the same instrument. The parties agree that facsimiles of fully-executed copies of this Agreement and any amendments thereto shall be deemed originals for all purposes in connection herewith.

13. Binding Upon Successors. This Agreement shall bind the parties and their successors, permitted assigns, respective heirs and legal representatives.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement at Cuyahoga County, Ohio and caused this Agreement to be effective as of the date first written above.

**The Center for Responsible
Appraisals and Valuations**

Lender

By _____

By _____

Print
Name _____

Print
Name _____

Its _____

Its _____

Date _____

Date _____