



SECONDARY MARKET BUYER/GSE SIGNATORY AGREEMENT

THIS CENTER SECONDARY MARKET BUYER/GSE AGREEMENT (the "Agreement") is entered into on this _____ day of _____ 20__ by and between National Community Reinvestment Coalition, dba The Center for Responsible Appraisals and Valuations (hereinafter referred to as the "Center") and _____ {Secondary Market Buyer/GSE}

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

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

WHEREAS, the undersigned is involved in the real estate lending industry as it, from time to time, performs some or all of the following functions and activities (hereinafter collectively referred to as "Loan Purchasing Functions", and the provider of such functions as the "Loan Purchaser"):

- i purchasing or acquiring loans or packages of loans that are securitized and collateralized by residential real estate
- ii reselling such loans
- iii creating and/or selling securities, which, in whole or part, contain loans on residential properties collateralized by those properties; 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 activities and functions within the standards set forth herein, and the inclusion of a as a Signatory thereof, is of substantial economic benefit to such a Loan Purchaser and

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

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 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

2. Signatory Loan Purchaser ("SLP") Duties, Obligations and Functions.

- 2.1 The undersigned Loan Purchaser shall, hereafter and unless and until terminated under the terms hereof, shall be referred to as a Signatory Loan Purchaser ("SLP").
- 2.2 The SLP agrees that it shall not, directly or indirectly Improperly Influence or Retaliate against any Signatory as defined herein.

- 2.3 The SLP agrees that it will notify the Center, as directed upon the Website, of any Improper Influence, Improper Retaliation and Breaches of the Center compliance agreements by any person or entity, known to the SLP.
- 2.4 The SLP shall not acquire, purchase or securitize loans, which do not have a Uniform Standards of Professional Appraisal Practice (USPAP) compliant or limited USPAP compliant appraisal or evaluation unless all of the following is true regarding any loan:
 - 2.4.1 The credit score is at least 720
 - 2.4.2 The probable loan to value is no greater than 80%
 - 2.4.3 The loan is not in excess of \$250,000
- 2.5 Within all loan purchase agreements it shall be provided that the lender or other culpable party shall make warranties and representations as to USPAP compliance and other appraisal standards of the SLP that have been accepted by the Center. Such agreements shall provide, at a minimum, that the SLP be able to compel the seller of the loan to repurchase same or pay a penalty upon a showing that the loan is not compliant with USPAP or is inaccurate by at least 10% of the market value at the time of the original appraisal.
- 2.6 The SLP shall have in place sampling procedures, approved by the Center, on which a certain percentage of loans it purchases or resells are reviewed for accuracy and USPAP compliance under field reviews done by a supplier or auditor independent of the SLP and which has had no part in the creation, closing or servicing of the loan or the original valuation. It is acknowledged that the percentage of loans audited shall be on loans that have been made during the prior year and shall be not less than the following:
 - 2.6.1 For loans of lenders that are Signatory Center lenders, the percentage shall be no less than 3% per year.
 - 2.6.2 For loans of lenders that are not Signatory Center lenders, the percentage shall be no less than 10% per year.
- 2.7 Those sampling and audit procedures shall be set by the Center in conjunction with a Certified Public Accounting Firm of substantial presence in the industry ("Accounting Firm"), an Approved Valuation Management Firm and such other experts within the field of lending and appraisal as are determined by the Center.
- 2.8 In the event that the audit results demonstrates loans that are inaccurate by more than 10% or are otherwise not compliant with USPAP standards, the SLP shall require the seller of the loan to comply with its penalties or repurchase under the terms of its representations and warranties.

3. The Center's Duties, Obligations and Functions

- 3.1 The Center shall create and publish standards for (i) reviews of the processes that impact valuation compliance, valuation accuracy and effectiveness and Signatories' compliance with the terms of their agreements, (ii) satisfactory results of the testing of valuation compliance and accuracy for lenders and valuation managers, (iii) sampling and audit of appraisals and evaluations of lenders, secondary market buyers of loans and valuation managers and (iv) reports on same, to be submitted to the Center all through the input and advice of, and from at least one of the Accounting Firms that are on the advisory board of the Center, along with other professionals as chosen by the Center. Such standards shall be submitted for comment to all Center Signatories and final standards shall be published yearly, beginning in year 2006. Material changes to standards shall be subject to the above process.
- 3.2 Upon complaint by any Center Signatory, as to violations of any other Signatory under the terms hereof or of any other Signatory agreement, or upon the Center's own action, provided that same is in good faith, or upon the Center's receipt of a report as above

mentioned, which reasonably leads it to believe that there may exist a default in an agreement, a defect in a Signatory's procedures to assure compliance or its failure to receive that report after notice thereof, the Center shall mediate same with that Signatory. The Center shall charge fees for such services, which shall be set and published yearly. The cost of the online 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 online Informal Conciliation, mediation and arbitration are attached hereto as Exhibit A and which may be revised, from time to time by the Center, which shall publish same on its Website. Such cost (Fee Chart) shall be paid by acceptable credit card. 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 If, in its reasonable discretion, the Center is unable to reach an acceptable resolution of the matter brought by it, or determines that the Signatories are unable to reach an acceptable resolution of the dispute between them, then, and in such event, it shall notify the Signatory or Signatories that it is submitting the same to arbitration under the terms of hereof. The Center shall provide for alternative dispute resolution (ADR) between such Claimant and the Respondent by and under the rules of the American Arbitration Association, specifically The Supplementary Procedures for Resolution of Disputes (SPRD) for the Center, which shall publish the same on its Website. The full and complete cost of such arbitration proceeding, 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 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 (a) holding that there has or has not been Improper Influence or Improper Retaliation against a Signatory, or a breach of a Signatory agreement and ordering injunctory relief therefore, and/or (b) that the party is in material default of its agreement with the Center, which may terminate its status as a Signatory.
- 3.4 Any Signatory lender, Valuation Management Firm or Loan Broker agrees that all disputes reported against it shall be handled confidentially only by the offices of its Chief Compliance Officer or General Counsel to avoid possible retaliation against a Signatory Claimant. Under no circumstances may it retaliate against a Signatory for having filed a complaint against it.
- 3.5 The Center shall publish, at least quarterly, 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 and those who have refused to enter such agreements and have had unresolved complaints filed by Signatories against it, as well as any lender or other Signatory who was a Signatory but when Signatory status has been terminated by the Center under the terms of its agreement.
- 3.6 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 any function to a Signatory, or to an entity, or which is an affiliate of a Signatory, then the Center shall utilize another entity, to fulfill the duties under this Section, or perform such duties itself.
- 3.7 The Center shall allow the use of the Terms "Center Signatory Valuation Professional" on all of the SVP's literature, printing, advertising and promotional materials. The Center shall attempt to educate the public as to the import of utilizing Signatory Valuation Professionals and other Signatories.
- 3.8 Any Center Signatory may file a claim of Improper Influence or Improper Retaliation against any other Non-Signatory person or entity. The cost of that claim shall be borne by the Claimant and shall be published yearly. If any person or entity attempting Improper

Influence or Improper Retaliation is not a Signatory, the Center shall contact the non-Signatory and notify the party against whom a complaint was filed. If a non-Signatory refuses to engage the dispute resolution mechanism of the Center, the Center shall notify such person or entity that the complaint will be filed with the appropriate federal, state and local authorities. At such time, the matter, including all evidence submitted by the appraiser or other persons or entities, shall be submitted to the appropriate authorities. The Center's published list of Signatories and those persons or entities refusing to become Signatories shall include that a complaint against them has been made and the total number of complaints filed against those non-Signatories that have not been successfully handled under the dispute mechanisms. If the person or entity agrees to the dispute mechanism and to pay the attendant costs thereof, then the matter shall be handled in the manner set forth herein. The findings of the arbitrator shall become final and binding against each of the parties and the result shall be published by the Center. In this instance the Arbitrator may award the damages or enter injunctive or equitable relief.

- 3.9 The Center shall maintain the confidentiality of information it receives from Signatories regarding reported instances and pending investigations regarding Improper Influence or Improper Retaliation. However, if the entity or person against whom a complaint is filed is a Signatory, the identity of the Claimant may be disclosed. If the entity or person against which a complaint has been filed is not a Signatory, then the identity of the Claimant shall not be disclosed until that entity or person has agreed to submit the matter to the dispute mediation provisions hereunder, including an agreement not to retaliate against the Claimant.

4. Default.

- 4.1 If the Center, in good faith, has reason to believe that the Signatory is in material breach of this Agreement, then upon the Center's own action, the Center may allege that the Signatory 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 Section 4 of this Agreement with the Signatory, it shall notify the Signatory that it is terminating its Signatory status. The terminated Signatory 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 Signatory. 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 Secondary Market Buyer/GSE.

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 AVME. Approved Valuation Management 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 for 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 A Center Signatory Appraiser or Center Signatory Valuation Management Firm shall mean any appraiser or Appraisal/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.
- 6.3 If the acts or omissions which lead to a default or breach under this agreement 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 provision or provisions of this Agreement shall be deemed to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby and any arbitrator or court shall attempt to enforce such provisions to the fullest extent of the law in a manner consistent with the intent evidenced herein
- 6.5 Unless the law provides to the contrary, 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. Secondary Market Buyer/GSE 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 undersigned have executed this Agreement on the day and year written below,

The Center for Responsible Appraisals and Valuations

Loan Purchaser

By _____

By _____

Print Name _____

Print Name _____

Its _____

Its _____

Date _____

Date _____