

# By accepting this assignment, you are agreeing to Advanced AMC's engagement terms and conditions

{Oregon AMC License #AM-171} {Washington AMC License #3000178} {Montana AMC License #REA-AMC-LIC-7326} {Hawaii Certificate of Authority 74462 F1}

## Advanced AMC, Inc.

### Appraiser Engagement Letter

#### General Order Instructions:

1. Advanced AMC, Inc. needs to be listed on the URAR signature page under the "lender/client" section.
2. A sketch with subject room layout and exterior dimensions must be included with all interior appraisals. If property has a finished basement, basement sketch must be included. Bed and bath count must match the sales grid.
3. Plat maps must be included with all appraisals.
4. Sales Comparison:
  - a. A minimum of 5 comparables must be used. A minimum of 3 sales must be included.
  - b. All comparable sales must have sold within the last 6 months of the appraisal effective date. If the time is exceeded, detailed verbiage must be added.
  - c. If comparables are outside a 1-mile radius, verbiage must be added as to why.
  - d. Include Days on Market (DOM) for the subject and all comparable sales must be consistent with the marketing trend section of the report.
5. Photo Requirements:
  - a. Exterior photos of the subject should include front, rear and street scene.
  - b. Interior photos should include kitchen, all bathrooms, and main living area at minimum.
  - c. Provide photo documentation of any conditional items that affect the value of the property whether positive or negative.
  - d. All photos included in the report must be original photos for the assignment. MLS photos cannot be used. If you cannot provide original photos, please provide verbiage as to why.
6. Please send invoice at time of completed appraisal. Please send separate invoice to accounting department c/o Shirley Dutrow at [shirley@advancedamcinc.com](mailto:shirley@advancedamcinc.com)

7. XML formats are required for all appraisals except 1004d.
8. Please make sure to include the cost approach in all applicable reports.
9. 1004 MC is required on all applicable reports. '
10. All appraisals must state that utilities were on and functioning at the time of inspection.
11. Appraiser must inspect and include photos of the installed CO and smoke detectors. Appraisal MUST be complete "subject to" if not installed.
12. Appraiser must comment on earthquake straps on water heaters. Appraisal MUST be completed "subject to" if not installed. *(Except in the state of Idaho as this is not a state requirement)*
13. USPAP: By accepting this assignment, the appraiser agrees that they hold a valid license in good standing in their state; they are competent to the extent required for the assignment and that the assignment will be completed in accordance with the Uniform Standards of Professional Appraisal Practice.
14. Failure to meet accepted due date without acceptable explanation and communication with Advanced AMC, Inc. can result in a reduced fee to appraiser.
15. Any losses incurred by Advanced AMC due to appraiser's failure to address corrections, underwriter revisions, or secondary market clarifications, etc. in a timely manner will result in the appraiser being invoiced and responsible for any cost amounting up to the original appraisal invoice paid to the appraiser by Advanced AMC.

#### **FHA Order Requirements**

1. FHA reports require that the FHA case number is on each page of the report in the upper righthand corner.
2. FHA/HUD or USDA are required to be added as intended users of the report.
3. The appraisal must state that the property meets HUD/FHA minimum property requirements outlined in handbooks 4000.1 or it must be "subject to" repairs. Comments stating that the property "appears to" or "seems to" meet HUD/FHA requirements are unacceptable. List of repairs needed to bring subject property to compliant needs to be added. Appraisal needs to state that it will meet HUD/FHA requirements once repairs are completed.
4. Comments that a head and shoulder inspection of the crawl space and attic are to be included along with photos.
5. Please include the Remaining Economic Life of the subject property.
6. Photos of all four sides (or more if applicable) need to be included.
7. The sales comparison and cost approach must both be completed.
8. All porches, patios and decks must be drawn and labeled on sketch. Must be labeled as covered or uncovered.

#### **Manufactured Home Requirements:**

1. Comment if the appraiser is aware of any alterations to the original structure.
2. Comment if any porches, decks, awnings are attached to the structure.
3. Comment if the structure has been moved more than once.

#### **Communication Requirements:**

1. If more than 24 hours from order acceptance has passed without inspection being scheduled, update to website is required.
  - a. Please update website with inspection date and time as soon as it is scheduled.
  - b. Please notify us immediately if the inspection reveals any issues that prevent you from completing the assignment within the designated time frame.
  - c. Please use the notes function on the website to inform us of any changes/complications.
  - d. If anyone attempts to influence value, you must contact us immediately.
2. **Appraiser's Services.** Appraiser, in his or her capacity as an independent contractor to Advanced AMC, shall provide professional appraisal services in accordance with the terms and conditions of this Agreement for assignments accepted by Appraiser and Advanced AMC in separate engagement letters or in other assignment confirmations which may state the property location, appraisal fee to be received by Appraiser, due date, client-specific requirements, report format and other information pertinent to each assignment (an "Engagement Letter"). Appraiser's services, reports and other work product shall meet the specifications in each Engagement Letter in addition to the requirements set forth in this Agreement. Appraiser shall make every effort to complete and deliver the appraisal and/or other valuation-related service before the due date in an Engagement Letter. Any delays completing the assignment or delivering a completed report to Advanced AMC must be communicated within 24 hours of the anticipated delay by Appraiser to Advanced AMC. Appraiser acknowledges that this Agreement is not a guarantee of future assignments, and Advanced AMC makes no promise as to any minimum number of assignments. Appraiser may not subcontract to any third party any of the appraisal services to be performed by Appraiser under this Agreement, without Advanced AMC's prior approval.
3. **Appraisal Fees.** Advanced AMC agrees to pay Appraiser the fee stated in an Engagement Letter for an assignment within 45 days, or within any shorter applicable period required by law in the state of the assignment, after Advanced AMC's receipt of the completed report or work product meeting the requirements of the Engagement Letter. Appraiser agrees that it will not charge or invoice any party other than Advanced AMC for services provided under this Agreement, unless requested to do so in the Engagement Letter. Except when required to be stated in a report or when otherwise required by law to be disclosed, Appraiser shall not communicate or discuss the appraisal fees paid for assignments under this Agreement with any third party without the prior written consent of Advanced AMC. Appraiser is solely responsible for Appraiser's own costs and expenses associated with completing services for Advanced AMC, including, without limitation, the costs and expenses of Appraiser's licensing, software, data, insurance, taxes (federal, state or local), social security, disability insurance, unemployment insurance and/or workers' compensation.
  - a. Appraisers operating on RUSH orders, in the Portland Metro Area, are required under these terms to meet their agreed upon due-date, otherwise they forfeit the additional fee, and will only receive standard payment.
  - b. Appraisers operating on standard orders, may be subject to a reduction in fee of \$50 per day the report is over-due and fail to communicate with Advanced AMC when directed.
4. **Appraiser's Responsibilities, Representations and Warranties.** In addition to compliance with all applicable federal, state and local laws and regulations pertaining to professional appraisal services, Appraiser agrees to comply with and represents and warrants that appraisals will be completed in accordance with the following:
  - a. **Standards, Practices, and Ethics.** Appraiser will perform Appraiser's appraisal services in conformity with the Uniform Standards of Professional Appraisal Practice ("USPAP"). Appraiser agrees that Appraiser will not accept any appraisal assignment for which Appraiser is not competent in all respects, including experience, licensing or certification level, and familiarity with the geographic area of the subject property.
  - b. **Confidentiality and Privacy.** Appraiser will maintain the confidentiality and privacy of client and consumer information obtained by Appraiser in the course of performing services under this Agreement and of any "nonpublic personal information" about "customers" and "consumers" as those terms are defined in the Gramm-Leach-Bliley Act ("GLBA") and/or in any applicable state privacy laws (collectively, all such information shall be referred to as "Confidential Information" in this subsection). Appraiser agrees that Appraiser will not use or disclose any Confidential Information other than as necessary to carry out the permitted purposes for which such information was disclosed to or obtained by Appraiser or as required by law or legal process. Appraiser agrees to take all reasonable measures, including without limitation such measures as Appraiser takes to safeguard Appraiser's own confidential information, to ensure the security and confidentiality of all Confidential Information, to protect against anticipated threats or hazards to the security or integrity of such Confidential Information and to protect against unauthorized access to or use of such Confidential Information. Appraiser shall promptly notify Advanced AMC and all potentially affected parties in writing of each instance of (i) unauthorized access to or use of Confidential Information that could result in substantial harm or inconvenience to a customer or consumer or (ii) unauthorized disclosure, misuse, alteration, destruction or other compromise of Confidential Information.
  - c. **Advanced AMC's Performance Standards.** Advanced AMC may from time-to-time publish its own standards and performance requirements or set forth additional standards into an Engagement Letter (collectively, the "Performance Standards") which, without limitation, may advise Appraiser of specific requirements of the client or intended user of the appraisal. Appraiser will comply with the Performance Standards. If the appraisal assignment is for the purpose of a mortgage loan, the appraisal services and report of Appraiser shall comply with all applicable appraisal guidelines and requirements of Fannie Mae and Freddie Mac as of the date of the appraisal report and such guidelines shall be considered part of the Performance Standards.

d. Provision of Documents and Materials. During the term of this Agreement and following termination of this Agreement, Appraiser will provide Advanced AMC with any documentation and information requested by Advanced AMC in connection with Appraiser's assignments under this Agreement including, without limitation, documents

and materials which may be part of the Appraiser's work file for the assignment and other documents which support the appraisal.

e. Appraiser's License or Certification. At all times during the term of this Agreement,

Appraiser will maintain Appraiser's appraiser license or certification in any state in which Appraiser is providing appraisal services under this Agreement. Appraiser shall provide Advanced AMC with a copy of Appraiser's licenses or certifications. Appraiser shall notify Advanced AMC within two business days of any change in the status of Appraiser's licenses or certifications that occur during the term of this Agreement.

5. **Appraiser's Independent Contractor Status.** Appraiser represents and agrees that Appraiser is and solely shall be an independent contractor to Advanced AMC for all purposes of performing services under this Agreement and for any other services rendered for or at the direction of Advanced AMC. This Agreement is not an employment agreement, and Appraiser is not an employee of Advanced AMC for any purpose, including, but not limited to, application of the Federal Insurance Contribution Act, Social Security Act, Federal Unemployment Tax Act, Internal Revenue Code, state and federal income tax withholding requirements, workers' compensation insurance, and third-party liability claims. This Agreement does not form or create a partnership or joint venture, and Advanced AMC shall not be liable for any obligations incurred by the Appraiser unless specifically authorized in writing. Appraiser shall not act as an agent of Advanced AMC nor bind Advanced AMC in any manner. Appraiser shall not represent or communicate to any party that Appraiser is an employee or an agent of Advanced AMC. Appraiser is free to perform services for any and all other clients or management companies and is free to set Appraiser's own hours with respect to the performance of appraisal services under this Agreement.

6. **E&O Insurance.** Appraiser shall at all times during the term of this Agreement maintain professional liability insurance ("E&O Insurance") covering damages arising from the professional appraisal services delivered by Appraiser under this Agreement. Appraiser's E&O Insurance shall:

a. have a minimum liability limit of \$300,000 per claim and \$600,000 in aggregate for all claims

b. be issued by an insurance carrier having a Best's Financial Strength rating of A- or better and Financial Size Category of at least Class IX

c. be issued on an insurance policy form and by an insurance program acceptable to Advanced AMC. The policy shall not contain an exclusion for defense or damages relating to claims arising out of failed financial institutions or claims made by the Federal Deposit Insurance Corporation or any other state or federal regulator or insurer of banks, mortgage lenders or other financial institutions.

d. Appraiser shall no later than the Effective Date of this Agreement provide Advanced AMC (or other persons or entities as directed by Advanced AMC) with an insurance declarations page or certificate of coverage evidencing Appraiser's current E&O Insurance together with any other insurance documentation relating to such coverage requested by Advanced AMC.

e. Appraiser shall supply evidence of E&O Insurance whenever the E&O Insurance is renewed or replaced and shall immediately inform Advanced AMC (or other persons or entities as directed by Advanced AMC) of any nonrenewal, cancellation, termination or change of prior acts date/retroactive date of Appraiser's E&O Insurance.

f. Appraiser shall continue to maintain the E&O Insurance coverage required in this section, either by continuation of similar coverage with the same or a different insurance carrier or by the purchase of extended reporting period coverage or "tail coverage," for a period of three years after the date of completion of Appraiser's last assignment under this Agreement.

g. During the term of this Agreement, Appraiser shall not make any change or alteration to its E&O Insurance which results in the appraiser's loss of prior acts or retroactive date coverage covering the dates on which assignments were performed under this Agreement.

h. Appraiser consents to Advanced AMC confirming E&O Insurance coverage directly with the insurance carriers or insurance program administrators.

6. **Communications and Reconsideration Requests.** Appraiser shall direct all communications concerning Appraiser's services performed under this Agreement to Advanced AMC, except for communications with the property owner or borrower regarding scheduling and inspection or other communications reasonably necessary to complete the assignment or as required by law.

In the event that a client, borrower or other party requests a reconsideration of an appraisal or otherwise challenges an appraisal delivered by Appraiser, Appraiser agrees to refer such inquiries to Advanced AMC for resolution under

Advanced AMC's then-in-place resolution procedures and to cooperate with and adhere to Advanced AMC's procedures for handling reconsiderations and other appraisal challenges. Appraiser acknowledges that the resolution of such reconsideration requests or other challenges may in some cases require further analysis or written response from Appraiser and agrees that such analysis or response is

part of the scope of work agreed to in connection with each assignment and will be provided at no additional charge.

Advanced AMC 1-877-262-6487 [www.advancedamcinc.com](http://www.advancedamcinc.com)

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