



**FIRST NATIONAL BANK
OF NASSAU COUNTY**

HVCC Policies & Procedures

Effective May 1st, 2009 First National Bank of Nassau County (a/k/a CBC National Bank) will be rolling out our version of the Home Valuation Code of Conduct (HVCC) policies and procedures. As many of you know, this new directive was adopted by Fannie and Freddie in an effort to enhance the integrity of the home appraisal process in the mortgage industry by creating appraiser independence, leading to greater confidence in the national housing finance system as a whole. With this regulation the appraisal ordering process will be shifted to become the responsibility of the lending institution. FNBNC has opted NOT to use a national appraisal service or an appraisal management company in our core markets, as it is our experience that appraisals ordered thru such national services are treated with indifference by the appraiser because he often receives a significantly reduced payment for his services under the agreement. FNBNC on the other hand will be passing the appraisal fee IN FULL directly to the appraiser with whom we place each appraisal order. It is our hope that this will foster a more intimate relationship with our smaller list of approved appraisers, leading to a higher quality of appraisal and faster turn times.

As our process will work a little differently than many of our competitors, we have put together an extensive set of FAQ's to help alleviate any confusion regarding our policies and procedures.

1. Which loan types will be affected by the new HVCC policy as defined by FNBNC?

A: For now, only conventional loans must follow the HVCC policy.

2. By what date must all loans adhere to the new policy?

A: For all loans CLOSED on or after May 1st, the Lender/Client reflected on the appraisal must be listed as CBC National Bank. More specifically, for all APPLICATION DATES (i.e. the date the borrowers sign the initial 1003 or the date credit report was pulled, whichever is earliest) on or after May 1st, the appraisal must be ordered thru FNBNC's HVCC process.

3. What about loans where the borrowers signed the application prior to May 1st, but the loan will close on or after May 1st?

A: FNBNC will use the appraisal the broker has already ordered, but will condition for the appraisal to reflect CBC National Bank as the Lender/Client.

4. How does a broker inform FNBNC of their desire to place an appraisal order?

A: We have added our [HVCC Conventional Appraisal Order Form](#) to the website under the forms tab. The form should be completed in its entirety and either e-mailed to appraisalorders@fnb-palm.com, faxed to 678-302-3462, or mailed to our Alpharetta office (address provided at bottom of order form). If you have a question about the

form, you may contact Laura Fricke of the Appraisal Ordering department at 678-942-2179.

5. What turn times can we expect to receive?

A: For properties located in our core markets, appraisals should be completed within one week of placing the order. Desk Top Values and Drive-By appraisals should take no more than 2-3 business days.

6. What are FNBNC's core markets?

A: For now, our core markets include Metro Atlanta, Charlotte, Jacksonville, Augusta, and Savannah. As we receive and approve more appraiser applications, we may expand our definition of our core markets. We will notify our customers of any new additions.

7. Will the turn times and fee structures vary for properties located outside of FNBNC's core markets?

A: FNBNC cannot guarantee turn times or a price structure for properties located outside our core markets as we will have to utilize a national appraisal service, Valuation Management Group. Orders for appraisals outside the core markets should still be sent to CBC National Bank to place the order with VMG.

8. What about unique properties within FNBNC's core markets?

A: Unfortunately, FNBNC cannot guarantee turn times or a pricing structure for properties that require extensive research to locate comps for a unique property. If an appraiser receives a standard appraisal order from us that upon further investigation reveals a unique situation that will increase the appraisal fee and/or turn time, he will be asked to contact our Appraisal Ordering department and await further instruction. FNBNC will pass this information along to our client. Upon your response, we will proceed with or cancel the order per your borrower's wishes.

9. What is the purpose of a Desk Top Value?

A: This is essentially a "comp check." A broker may request this before committing to a full appraisal if the value of the subject property is questionable. The fee for this service is \$75. The appraiser will contact our Appraisal Ordering department within 2 days to confirm whether he can support a value within the Borrower's Opinion of Value Range. FNBNC's Appraisal Ordering department will contact the requesting broker and await further instruction – proceed with a full appraisal order (at which time the \$75 "comp check" fee will be applied toward the cost of the appraisal) or instruct the appraiser to close the order (at which point the borrower has only spent \$75 to learn that their value is insufficient to proceed).

10. If one appraiser says the Borrower's Opinion of Value Range cannot be justified but the borrower adamantly disagrees, can we request another Desk Top Value from FNBNC to order thru a different appraiser in the rotation?

A: FNBNC will allow up to two Desk Top Value requests per property, provided that the borrower or broker is willing to pay for each. If the Borrower's Opinion of Value Range cannot be supported after the 2nd request, we will not process any additional requests.

11. Why does FNBNC include 2075 Drive-By appraisals in their HVCC policy, when they are not part of the national HVCC policy?

A: While the 2075 is not currently part of the HVCC policy, FNBNC feels like it's likely the code will be revised in the near future to include it. We have decided to address it now in an effort to keep things as simple and consistent as possible since the 2055 Drive-By is included in the code.

12. What is FNBNC's policy regarding payment of appraisals?

A: In our model, we are the only party that may directly pay an appraiser for the appraisal services. In addition to our [HVCC Conventional Appraisal Order Form](#) we have also created an additional form to be used for both capturing the borrower's or broker's credit card information & authorization, as well as disclosing the borrower's right to receive a copy of the appraisal. Not surprising, this form will be called the [Payment Authorization / Borrower's Right to Receive Copy of Appraisal disclosure](#), which can be found on www.fnbwholesale.com on our Forms page. On this form, we will need to be instructed how to collect the appraisal fee (CBC National Bank is the payee). The options are these: A) charge the borrower's credit card for the appropriate amount based on our fee schedule, B) charge the broker's credit card for the appropriate amount, or C) accept a check from either the borrower or broker for the appropriate amount. If a credit card will be charged, the cardholder's signature will be required and the signed form must accompany the order request*. If a check will be issued, please make the check payable to CBC National Bank and mail it with both the [HVCC Conventional Appraisal Order Form](#) and the [Payment Authorization / Borrower's Right to Receive Copy of Appraisal disclosure](#) to our Alpharetta office. The check must be in hand before an order will be placed. (*If the broker is unable to attach a scanned copy of the disclosure to the e-mail request, he may fax it to 678-302-3462).

13. What is FNBNC's fee structure in its core markets?

A:

Desk Top Value	\$75.00
2075 Drive-By Appraisal	\$175.00
2055 Drive-By Appraisal	\$225.00
1004 Appraisal for value ≤ \$600,000*	\$325.00
1004 Appraisal for value > \$600,000*	\$425.00
1004 Appraisal for property > 5 acres*	\$425.00
2-4 Unit Appraisal*	\$450.00
Rent Comps Schedule (in addition to cost of appraisal)	\$75.00
Operating Income Statement (in addition to cost of appraisal)	\$75.00
Final Inspection (in addition to cost of appraisal)	\$75.00

* *Market Conditions Addendum is included in cost of report*

As mentioned before, if the subject lies just outside of our core market or is deemed unique by the appraiser, he will contact us with an additional cost estimate and wait for further instructions before proceeding.

14. Does the Credit Card Authorization form have to be resigned by the borrower if the appraisal cost will be more than the originally disclosed amount?

A: Yes, unless the broker chooses to pay for the additional cost and pass that on to the borrower at closing. Then only the broker would need to resign the Credit Card Authorization form for the amount over and beyond the original amount disclosed. Or, if a check will be written to cover the difference (by either the borrower or the broker), then no re-disclosure will be necessary.

15. What credit cards will FNBNC accept?

A: Visa, Mastercard, Discover, and American Express

16. What if the credit card does not get approved or if the check is returned for insufficient funds?

A: A failed credit card authorization will result in a delay of placing the order until an acceptable credit card number can be obtained. A check returned for NSF will result in FNBNC's holding of the appraisal until the invoice is paid in full, meaning if a loan is already in house, we will suspend it from further processing until payment is received. The appraisal does not become the borrower's property until they have paid for it.

17. What if the borrower wants a copy of their credit card receipt?

A: FNBNC will send a copy to the borrower upon request, but we will not do so automatically due to volume constraints. Otherwise, the appraisal invoice marked paid in full will be their proof of payment.

18. How can I confirm that my appraisal order has been received and placed?

A: As FNBNC has always done, we will send you a status e-mail (thus the requestor's e-mail address on the appraisal order form will be necessary) informing you that the appraisal order has been received and placed. The e-mail will also provide you with an estimated due date for the appraisal. Your FNBNC Account Executive will also be copied on the e-mail.

19. How will we the broker receive a copy of the appraisal?

A: FNBNC will forward a copy of the appraisal to the borrower only based on their selected method of delivery on the Borrower's Right to Receive Copy of Appraisal disclosure. Otherwise, FNBNC will electronically store the appraisal and marry it to the file upon receipt. Even if the broker opts to pay for the appraisal on behalf of the borrower, the appraisal is the borrower's property. To receive a copy, the borrower will need to agree to send it to you.

20. Will FNBNC accept appraisals transferred from another lender?

A: Yes, as long as the original lender can represent and warrant in writing that the appraisal was obtained in a manner consistent with the code. Although this does not mean that FNBNC underwriting is obligated to accept the value.

21. Will FNBNC be willing to transfer appraisals to other lenders?

A: Yes, as required by the code because the appraisal is technically the property of the

borrower. FNBNC will have a standardized form that we will be happy to send to the receiving lender representing and warranting that the subject appraisal was ordered in direct compliance with the code. Appraisers are also required per the code to change the Lender/Client listed on the appraisal per the borrower's request as long as the appraisal fee has been paid in full.

22. How will FNBNC handle value disputes?

A: FNBNC fully expects that there will be occasional value disputes on both sides of the table. If the borrower or broker disputes the value of the appraisal on the low side, an FNBNC underwriter will review the appraisal to see if a field review is warranted (at the borrower's or broker's up front expense) to obtain an independent 2nd opinion of value. In the cases where the field review comes back higher than the original appraisal, the field review will be used to rebut the original appraiser's opinion. This does not guarantee that the original appraiser will be willing to change his opinion. In that circumstance the dispute will be handled on a case-by-case basis as to how to proceed fairly. Occasionally the FNBNC underwriter will disagree with the appraiser's value on the high side and ask for a field review from an independent appraiser. In that case, FNBNC will cover the field reviewer's fee, regardless of the outcome.

23. What if one of the agents knows of a recent sale in the subject's neighborhood that is not yet on record or may not be reporting on MLS?

A: There is nothing in the code that prohibits an appraiser from speaking to a real estate agent. Appraisers are generally open to information sharing in order to obtain the most accurate and up-to-date comps possible. If the agent makes the broker or borrower aware of such a comp, the broker should provide this information during the appraisal ordering process so we may include it in our appraisal order. As there is no place on the appraisal order form to add comments, the broker may include this information in the body of the e-mail request or on a separate sheet of paper that accompanies the order form. Our Appraisal Ordering department will pass this information along to the appraiser. Be advised that it is entirely up to the appraiser's discretion whether to use or disregard the comp.

24. How will FNBNC determine with which appraiser an order will be placed?

A: FNBNC has already approved a sufficient sampling of appraisers in our core markets selected for their experience in the business and our previous experiences in working with them. Appraisals will be randomly assigned on a rotating basis to one of the already-approved appraisers available in the subject's market area. FNBNC will ignore any and all requests to send an appraisal to a specified appraiser on the list. If the appraisal order gets placed with that requested appraiser, it will be purely by coincidence based on the rotation. Occasionally multiple orders in a row from the same broker will end up being placed with the same appraiser, and again this will occur strictly by coincidence based on the rotation.

25. How does an appraiser make a request to be added to FNBNC's approved appraiser rotation list?

A: Located on www.fnbwholesale.com under the Forms tab, FNBNC has made an [HVCC](#)

[Appraiser Application](#) available for download. Instructions on what items to include for review in the approval process as well as where to send the application package can be found on the application form. FNBNC has formed an HVCC Appraiser Review Committee that will meet periodically (likely once a quarter) to review applications for approval. Appraisers will be notified of FNBNC's decision upon determination. If the approval of a new appraisal group opens up a new core market, our customers will be notified of this additional market, within which the set fee structure and turn times will apply.

We hope that you find these FAQ's to be helpful in educating you on our new policies and procedures regarding the Home Valuation Code of Conduct. Please take the weekend to read and understand our policy. FNBNC expects that more questions and/or suggestions will arise as the code is put into effect and challenged. We welcome all comments, concerns, questions, and suggestions and will review them accordingly. These questions may be directed to your sales team or to Laura Fricke. If and when we find that clarification or alteration of our code is necessary, we will update our entire customer base with the additional information.

Sincerely,
First National Bank of Nassau County