



Investor Compliance & Procedures Package

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Introduction

The Private Asset & Management Group is an appraiser owned and operated company. We differ from the typical AMC in that we have superior communications with our vendors, a highly qualified staff of certified appraisers and specialize in [CA, CT, DE, GA, MA, MD, MI, NJ, NY, OH, PA, RI, VA, WA]. We also customize any and all services to accommodate the needs of our banking clients. Effective appraisal management is no different than effective management in any other industry. No industry can, or should, be managed without the expertise and training specific to that industry. PAM is founded on 12+ years of experience managing appraisers in our local region while keeping the highest level of appraisal work and accuracy in order to service our lenders.

Welcome to The Private Asset & Management Group, LLC (PAM). We would like to take this opportunity to thank you for your trust in us. We take all of our clients and their investors' needs and requirements very seriously. In this package, you will find important information regarding The Private Asset & Management Group's procedures and processes on Appraiser Recruiting, Appraisal Assignment, and Quality Control. Each appraisal order is handled with the utmost care to ensure accuracy, compliance, and that the appraisal is of the highest quality. We work closely with our appraisers to ensure that the final product satisfies underwriting and investor's requirements.

Our recruitment team has worked with appraisers from Massachusetts to Georgia for over 7 years in an AMC environment. We specialize in finding qualified, competent, licensed and certified appraisers that will meet our standards. They understand fully that an AMC is only as good as its appraisers and we strive to select and find the best and most professional appraisers in the states we provide coverage in. Not all appraisers are approved to be added to our panel of appraisers or complete work with PAM.

Our Procedure

Selection of Appraisers

*Appraisers are selected from a number of resources including appraisers that our staff have had successful working relationships with in the past:

- Appraiser USA
- FHA Database
- Appraisal Subcommittee (ASC)
- Appraiser Guide
- Appraiser Database
- Prior to contacting the appraiser:
 - Confirm FHA Approval
 - ASC license valid and in good standing
 - State Appraisal Board valid and in good standing
 - Review length of licensure (5-year minimum)
 - Review website (if available)
- Phone call placed to appraiser for inquiry on current status:
- Phone interview is conducted and confirming
- Areas of expertise
- Types of clients currently being serviced
 - Ability to communicate

- Time actively appraising
- Coverage area and amount of knowledge and time spent in coverage areas.
 - Number of active appraisers in office
 - Error & Omission Insurance coverage and limits
 - Current technology used to convey appraisals

*“IF” phone interview is successful, an application is sent to the appraiser including The Private Asset & Management Group, LLC’s Guideline Manual:

- Appraiser reviews entire package
- Signs Privacy Statement for borrower information
- Signs Non-Disclosure for our proprietary information
- Signs Acknowledgement stating they have read and agree to the guidelines set within the PAM manual
- Appraiser to provide list of all appraisers in office with licenses
 - W-9 filled out for payment
 - 3 sample appraisals (FHA, 1 family & 2-4 family)
 - Error & Omission document pages stating coverage and limits in force
- Package is received and reviewed by our compliance department:
 - Review of submitted sample appraisals
 - USPAP compliance
 - FNMA compliance
 - FHA compliance
- Typographical errors
- How a complex assignment is handled
 - Additional items reviewed
 - any guideline exceeded or not met have adequate comments
 - consistency throughout appraisal for all data and comments
 - industry standards have been met or have adequate comments
 - photos included that show all physical deficiencies noted in report
 - photos and comments showing condition is consistent in report
 - location maps provide view of stated neighborhood boundaries
 - adequate photos provided to access the collateral
 - 1004-MC is complete and supports the appraisal as a whole
 - adequate bracketing and adjustments that are within industry standards
- Reconfirm licensure status:
- ASC
- State
- FHA
- Approve Fee Schedule

- Confirm all documents are signed and dated
- Final Approval decision is sent to appraiser
 - If inadequate information is provided to PAM in order to make a final decision, additional information is requested from the appraiser

Appraisal Assignment Process

Unlike many other AMC's that broadcast an order or auto assign an order, all of coordinators manually assign each appraisal when ordered. They call appraisers to ensure coverage, turn time, ability and willingness. This is the first and one of the most important steps to an above average turn time and product. Our coordinators go through extensive training that helps them understand the importance of selecting the correct appraisers for the appraisal order. They work closely with our management, review and recruiting staff to help control turn time, quality and coverage. In addition, they follow each order closely as it progresses through the process ensuring appropriate scheduling and return of the appraisal. Our goal is not to find the appraiser who will accept the appraisal order for the lowest fee, but to find the most qualified appraiser to complete the assignment.

Our Procedure

Receipt of order:

- Order is handled by a coordinator familiar with lender and lender requirements
- Coordinator reviews order to ensure enough data is present to assign appraisal
- Any additional documentation needed for the appraiser to complete the assignment is requested from the lender
 - contract of sale
 - contractor bid
 - FHA case number
 - Plans and specs
 - Condo/Coop questionnaire
- Coordinator reviews order location and appraiser's proximity to subject
- Coordinator will sometimes call appraiser to ensure coverage and availability to complete order
- If appraiser is uncertain due to property type or assignment type, a different appraiser would be contacted to ensure highest quality possible

- Coordinator decides on the best appraiser available for assignment based on:
 - Geographical competence
 - Product competence
 - Availability
 - Knowledge of property type
- Order is assigned to appraiser and accepted by the appraiser
- Coordinator follows order from assignment to delivery to client:
- Verifies appointment date and time
- Verifies property was inspected as agreed and verifies submission date
- Verifies appraisal was submitted as agreed
- Ensures delivery to client and updates throughout the process

Quality Control

Every appraisal goes through a manual review unlike other AMC's that complete an automated review. We have state certified staff appraisers that are available in our review department. Every appraisal is hand reviewed by one of our qualified USPAP certified reviewers to ensure all USPAP, FHA/HUD, FNMA requirements are met. Additionally, each appraisal is reviewed to ensure the report is technically correct and all lender requirements have been met. The review process can be altered based upon each lender and lender internal requirements. It is our goal to have our appraisals pass through underwriting as smoothly as possible.

Our Procedure (Cont.)

- 1) Appraisal is received
- 2) Appraisal is assigned to the review staff
- 3) Appraisal is reviewed:
 - Verification that basic information is accurate
 - address
 - borrower's information
 - lender/client
 - report is signed by PAM approved appraiser
 - effective date is accurate
 - FHA case number appears on all pages of appraisal
 - contract and listing information is provided
 - Subject property has been adequately described

- neighborhood trends, boundaries and any adverse condition within neighborhood that would negatively affect the subject have been properly addressed and described
 - subject size, site, zoning, use, utilities and FEMA information have been disclosed and described as warranted
 - subject improvements have been accurately described so as to completely understand what type of property is being used for collateral and all conditions that would adversely impact the subject have been addressed its entirety
- Comparable sales provided meet requirements
 - minimum 3 closed sales and 2 active sales have been provided (2 pending sales also acceptable)
 - sales dates are within the 6-month guideline and 90 days if applicable
 - distance is within acceptable proximity to subject based on location of the subject; based on neighborhood being in a rural, suburban or urban market sector
 - comparable sales have a range of values within 25%
 - comparable sales are similar in age, size, location, site and amenities and differences are adjusted accordingly
 - adjustments fall within FNMA and FHA guidelines (10% line, 15% net and 25% gross)
 - all major differences have been adjusted for accordingly or explained why no adjustment warranted
 - subject sales history for the last 3 years has been disclosed and any major increases or decreases have been explained and supported
 - final estimate of value is within the adjusted and unadjusted sales prices of the closed sales
- Cost Approach
 - effective date of data
 - rating of subject property
 - replacement or reproduction cost are provided
 - site value is provided with support of value
 - economic life is provided
 - indicated value by cost approach is within reason of final estimate of value
- Addendum and Commentary
 - all comments are consistent with all data provided in the appraisal
 - all conditions of the subject and site are explained and supported
 - any guidelines that were not met or exceeded are adequately explained and supported

- Photo Addendums
 - subject photos of front, rear, street, sides and all interior photos are included
 - photos of all comparable sales are included with listings
 - any external influences are evident and visible in photos
 - enough photos provided to adequately represent the subject
- Location Map
 - shows subject and all comparable sales
 - shows neighborhood boundaries
 - provides a clear picture of the subject's location
- Floor Plan
 - displaces the subject's external measurements hand measured by the appraiser and internal measurements for condos and coops
 - matches the measurements provided in the subject's description and provided in the appraisal
 - 1004-MC
 - data provided supports comparable sales provided (or not provided) in appraisal
 - data is sufficient enough to demonstrate subjects market for similar type of properties
 - data sources are provided
 - seller concessions and impact on subject's market are explained

*Copy of appraiser's license and E&O are provided

If any condition is not met within the quality control process, an e-mail is sent to the appraiser to address. The appraiser is given 24 hours to address and provide additional detail and comments. The report is returned to the review department for a second review to ensure the concerns have been met and the report will meet FHA, FNMA and lender requirements.

Should the report not meet certain guidelines, PAM has additional data sources available to research a property and the information provided. This helps ensure that the data provided is not only accurate but the best possible sales have been used to demonstrate the value.

If any additional information is required by the underwriter or lender, the report will return to our review department so that items may be addressed. Our review department also handles value disputes and our process helps ensure we are in compliance and the lender as well.

Auditing

The Private Asset & Management Group, LLC takes today's compliance issues very seriously. Our employees are trained and continually updated in all areas of our changing industry. We want to safeguard our clients' business by going above and beyond the required compliance laws. We fully comply with the following agencies, standards and laws:

- USPAP (Uniform Standards of Professional Appraisal Practice)
- All employees are involved with appraisals are USPAP certified
- RESPA (Real Estate Settlement Procedures Act)
- FNMA (Fannie Mae)
- HUD/HUD (Department of Housing & Urban Development)
- FDMAC (Freddie Mac)
- CONSUMER FINANCIAL PROTECTION BUREAU
- We continue to follow the CFBP proposed rules for minimum requirements for AMC's:
 - Use only state certified or licensed appraisers for federally transactions, such as real estate related transactions overseen by a federal financial institution regulatory agency that require appraiser services.
 - Require that appraisals comply with the Uniform Standards of Professional Appraisal Practice.
 - Ensure selection of competent and independent appraiser.
 - Establish and comply with processes and controls reasonably designed to ensure that appraisals comply with the appraisal independence standards established under the Truth in Lending Act.
- FAIR HOUSING ACT (FH Act)
- The Equal Credit Opportunity Act (ECOA) prohibits discrimination in any aspect of a credit transaction. It applies to any extension of credit, including extensions of credit to small businesses, corporations, partnerships and trusts. The ECOA prohibits discrimination based on:
 - Race or color
 - Religion
 - National origin
 - Sex
 - Marital status
 - Age (provided the applicant has the capacity to contract)
 - The applicant's receipt of income derived from any public assistance program; or

- The applicant's exercise, in good faith, of any right under the Consumer Credit Protection Act.

At The Private Asset & Management Group, LLC we take compliance to the next level with internal audits on 10% of our orders monthly. The audits are conducted randomly on appraisers to ensure compliance and quality. The audit is done by a combination of Field Reviews, Desk Reviews and internal Core Logic reports reviewed by our staff appraisers.

Due to our industry constantly changing, we are always open to suggestion and dialogue in order to constantly improve and add additional guidelines to better serve our clients with accurate and articulate appraisals and values and thus being able to deliver the best product by the best appraiser.

Consumer Complaints and Privacy

The Private Asset & Management Group, LLC. at varying times has access to Private Consumer information such as: social security numbers, date of birth, home addresses, employment information, salary information, credit card numbers, etc. The entire staff is instructed continually on privacy issues relating to our clients and customers. Information regarding any client or any individual is forbidden to be disclosed for any reason or at any time. While there are many laws both federal and state on privacy issues, we at PAM never disclose, relay, give out or e-mail information of any kind regarding clients and customers personal information that is entrusted to us. In the event there is a consumer complaint, it is handled and completed in the same business day. We take pride in that complaints are rare, and it usually is about a deal that has been cancelled and a refund of appraisal fee to be refunded. But any complaint of any nature is always handled with in the same day to allow the consumer the comfort of knowing that we take all complaints seriously and will work towards a satisfactory conclusion in resolving any complaints brought to our attention.