



Engagement Letter

By accepting this order, you are affirmatively declaring and attesting that you have the geographic, property type, and methodological competence to perform the appraisal assigned. Further, you are accepting the instructions as defining the scope of work. If you are not competent to perform this assignment because of geography, property type, or scope of work you MUST decline this order.

Appraiser to notify Direct Appraisal Management Corp immediately of any potential conflict of interest including financial or interest in the property being appraised. By acceptance of this assignment, I affirm that I have no conflicts of interest including direct or indirect financial or ownership interest in the subject property or any party to the transaction involving the subject property. I understand that I am required to, and I will, inform Direct Appraisal Management Corp should any facts change with regard to that representation.

Please read all instructions, especially the photo requirements section, including any attachments to this order, prior to accepting the order. Individual orders may have specific instructions, and your report cannot be deemed complete until they have all been addressed.

Verification of the property type via public records or verification with the contact should be completed within 24 hours of acceptance. If the property type does not match the order, please notify Direct Appraisal Management Corp immediately.

Standard instructions

- Appraiser shall not deviate from the scope of work provided by the AMC/Lender. Remember, the Client/Intended user is the Lender - not the borrower, realtor, or any other interested party.
- The appraiser shall not receive instructions from an outside party at any time. Should anyone direct the appraiser to deviate from the Scope of Work, the appraiser must immediately call the AMC for assistance.
- Failure to comply with or deviating from the statement work could lead to additional work to complete the assignment, reassignment, and/or forfeiture of fees.

Please do not upload your invoice. Our system will automatically generate it for you.

Communication Policy

Direct Appraisal Management Corp prides itself on providing excellent service. Communication is the key to making this process smooth for all parties involved.

- Please call the contact within 24 hours of accepting the order.
- If this is for an interior inspection, please inform the contact that interior photos are required by the lender.
- If you have not been able to communicate with the contact in the first 24 hours, please advise us immediately.
- If, due to the contact's availability, the inspection cannot be scheduled within 48 hours of accepting the order, please update us. It is important that you still set the appointment.
- If you are unable to meet the POC at the scheduled time, please notify the POC and/or Direct Appraisal Management Corp immediately.
- If you are unable to meet the estimated completion date, please notify Direct Appraisal Management Corp immediately of the new ETA and the reason for the delay.
- If any additional documents are required from the lender, please request them ASAP.
- Please determine the property type as soon as you receive the order. If there is a question regarding the property type, please request verification.
- Direct Appraisal Management Corp expects our appraiser to maintain a professional demeanor at all times. This includes both dressing and acting professionally while inspecting the subject.

We communicate all dates that you provide to us to the client and they utilize these dates to schedule underwriting and closings. Failure to meet the inspection and completion date that you have communicated with us will have a negative impact to the borrower. With this in mind, please make every effort to honor your commitments.

Photo Requirements:

The appraiser must provide all original photos, taken by the appraiser. If providing a file photo, the appraiser must make a comment that specifically identifies the photos as file photos. MLS / online photos are not acceptable. Appraisers must use their own original photos. DO NOT contact the borrower asking for missing photos. If additional photos are needed, the appraiser must revisit the subject.

The appraiser must provide photos of the following:

- All mechanical items including the electrical box with the door open
- Original photos of all comparables and listings.
- All sides of the subject property
- All rooms, included but not limited to all bedrooms, bathrooms, finished basements and laundry rooms.
- Attic, basement, and crawl space, if applicable. (Required for all FHA/USDA orders)
- All porches, decks, patios and pools (Required for all FHA/USDA Orders)
- Any items needing repairs or have deferred maintenance

- Any items recently renovated
- Any detached structure that adds value, i.e. barns, stables, sheds, garages. Please provide both interior and exterior photos of the structure.
- All external obsolescence's and any external item that may impact value
- For all field reviews, regardless of whether appraiser does or does not agree with the value of the original appraisal, photos of comparable sales and a location map are required. If the report is FHA, original photos of the comparable sales are required.

General Requirements:

Please include a copy of your current license and current E&O insurance declaration page in the report

- Your license number must exactly match what is entered in the report. Please do not add any characters or designations per UAD guidelines
- The Market Conditions Addendum to the appraisal report (Form 1004MC) is required for all one-to-four unit properties
- Unless otherwise indicated in client specific instructions located in the engagement letter, the 1004MC form is still required on all full appraisal reports
- When the final value differs from the neighborhood predominate value, please comment
- USPAP Standard Rule 1-5 requires the appraiser to: "(A) Analyze all agreements of sale, options and listings of the subject property as of the effective date of the appraisal; and (B) analyze all sales of the subject property that occurred within the (3) years prior to the effective date of the appraisal. Analysis of the contract is required and should not just restate the contract terms. Also, per guidelines, a 12 month sales history as of effective date is required for all comparable sales used. A 36 month history as of the effective date for all FHA/USDA assignments.
- Complete the Cost Approach & include remaining economic life. If there is a valid reason why a credible Cost Approach cannot be developed, cite the reason and provide the site value in the cost approach.
- List the exposure time per USPAP requirements
- Comment if you have provided any appraisal services for the subject property within the last three years, per USPAP guidelines
- If this is a purchase, the appraiser must review the fully executed contract and fill in the contract section per UAD guidelines. Provide a full and complete listing history for the subject including list date, DOM, price change and cite your information
- Subject address to be listed per USPS. If the subject address differs, please comment in the addendum
- AMC name is to be provided on the signature page.

Sales and Listings

- Provide 3 closed comparables and 2 listings
- If the subject is in a declining market, please cite the rate of decline and apply time adjustments as applicable. Additionally, provide 2 closed sales within 90 days and 2 active listing and / or pending sales. For 90 day sales, please exhaust all efforts to provide, and if unavailable, comment in detail on your search.

FHA Requirements

- The FHA case number should be in the upper right hand corner of the appraisal report.
- The intended use of the appraisal must indicate that it is solely to assist FHA in assessing the risk of the Property securing the FHA-insured Mortgage. Additionally, FHA and the Mortgagee must be indicated as the intended users of the appraisal report.
- All appraisal reports should include a statement that the subject meets or does not meet minimum FHA property requirements. If the subject does not meet minimum requirements, please complete the report subject to and include itemized and estimated costs to cure.
- For FHA appraisals, Site Condos must be reported on form 1073.
- If the property is vacant, the Appraiser must note in the report whether the utilities were on or off at the time of the inspection. If the utilities are not on at the time of inspection, the appraiser must complete the appraisal 'subject-to' re-inspection.
- condition the appraisal upon further inspection to determine if the systems are in proper working order once the utilities are restored; and
- complete the appraisal under the extraordinary assumption that utilities and mechanical systems are in working order.
- If the subject has a private well or septic system, indicate whether public water and sewer is available.
- If the property has a shared well, the appraiser must report it and note any readily observable deficiencies. The appraiser must also obtain a Shared Well Agreement and include it in the report.
- Complete a head and shoulder attic and crawl space inspection and state within the report that this has been completed.

- If there is no access to the attic or crawl space, the Appraiser must report the lack of accessibility to the area in the appraisal report. There is no requirement to cut open walls, ceilings or floors.
- If there is no access to the crawl space but there is evidence of a deficient condition (such as water-stained subflooring or smell of mold), the Appraiser must report this Condition.
- If the roof has less than 2 years of remaining life, appraiser to make the appraisal subject to inspection by a professional roofer.
- Include the Estimated Remaining Economic Life of the subject. An explanation is required if < 30 years.
- Sketch must include all improvements indicated on page 1 of URAR (i.e. patio, deck, porch, outbuildings, garage, etc. The sketch must show “covered” or “uncovered” to indicate roof or no roof (such as over a patio).
- Attach a copy of the Flood map panel if the property appears to be located within a special Flood hazard Area
- In declining or increasing market, the Appraiser must include a minimum of two active listings or pending sales on the appraisal grid (in addition to at least three recently settled sales).
- In declining or increasing market, the Appraiser must include at least two comparable sales that closed within 90 days prior to the effective date of the appraisal. If appraiser cannot comply, a detailed explanation is required.
- If a market-to-market (time) adjustment is warranted, it must be applied to the date of contract rather than the date of closing or deed recordation.
- MLS records and property site visits alone are not acceptable verification sources.
- Preferred underwriting guidelines indicate that adjustments must not exceed 10% for line items, 15% for net adjustments, and 25% for gross adjustments. If any adjustments exceed stated guidelines, an explanation must be provided.
- When new construction is 90% or more complete, the Appraiser must document a list of components to be installed or completed after the date of appraisals.

Building Permits

- If there is an addition to the original structure, extensive remodeling to the property, or a conversion of an existing structure, please comment if permits were acquired.
- If the garage has been converted to GLA, check with the township to ensure the conversion was legally done. Complete report accordingly based on your finding.

- If you identify an addition that does not have a permit, please comment on the quality of the work and impact, if any, on the subject's marketability.

Final Inspections

- Confirm the required work is completed prior to the inspection.
- New subject photos, as well as photos of the completed work must be taken and provided in the report
- If the required repairs are not completed at the time of inspection, please take photos of the uncompleted work and provide to Direct Appraisal Management, Corp.

Measuring Standards(PLEASE INCLUDE VERBIAGE IN REPORT)

- Appraisers will be required to use the Square Footage-Method for Calculating: ANSI® Z765-2021 (American National Standards Institute®) Measuring Standard for measuring, calculating, and reporting gross living area (GLA) and non-GLA areas of subject properties for appraisals requiring interior and exterior inspections with effective dates of April 1, 2022 or later on loans sold to Fannie Mae.

Direct Appraisal Management Corp.

Info@thedirectamc.com

(708)762-2939

ILLINOIS LICENSE #558.000307

INDIANA LICENSE #AMC210001

TEXAS LICENSE #2000295

FLORIDA LICENSE #MC402

KANSAS LICENSE #KS207

NEW MEXICO LICENSE #AMC1230

ARIZONA LICENSE #AMC-1023327

MISSOURI LICENSE #2021030560

MICHIGAN LICENSE #1202000228

WISCONSIN LICENSE #109-900

ARKANSAS LICENSE #AMR-237

MINNESOTA LICENSE #40821825

MISSISSIPPI LICENSE #AMC-179

TENNESSEE LICENSE #282

NEVADA LICENSE #AMC.0001149

OHIO LICENSE #AMC.2022001692

SOUTH CAROLINA LICENSE #178

WASHINGTON LICENSE #23021495