

Reconsideration of Value Overview

Equity Resources, Inc. is committed to providing an easy method for raising concerns about property appraisals performed during the application process.

We encourage customers to point out possible:

- Errors or omissions in the appraisal report
- Use of incorrect comparable properties
- Evidence that the appraisal was influenced by bias or discrimination

Should you have concerns with your appraisal, please review the content below and submit these concerns via the outlined procedures. It is important to let us know about your concerns as early as possible so they can be addressed quickly.

Please fully read and understand this document before completing a Reconsideration of Value Request Form.

What is an Appraisal of your property?

An appraisal is an opinion of value determined by a licensed real estate appraiser and provides your lender an opinion of how much your property is worth in your market (fair market value). Lenders require an appraisal to confirm that the property offered as collateral for your loan has sufficient value to support the requested loan amount. Appraisers must follow systematic procedures as defined by the Uniform Standards of Professional Appraisal Practice (USPAP). These rules govern things like the selection of comparables, acceptable methods for making adjustments, along with standards for professionalism and ethics.

What is a Reconsideration of Value?

A Reconsideration of Value (ROV) is a request made by a customer for the property Appraiser to reevaluate the initial appraisal using additional information provided by the customer.

It is important to note that the ROV process is not intended to change the value based on dissatisfaction with the appraisal. However, if there are concerns about reliability or evidence of bias, the appraisal value may be reconsidered, or a new report may be ordered.

Concerns About Appraisal Bias or Discrimination

We take our role in ensuring fair and responsible lending very seriously and do not tolerate bias or discrimination in any aspect of the origination process – including in the appraisal process. The Fair Housing Act does not permit any form of discrimination on the basis of the applicant's race, color, national origin, religion, sex (including gender identity or sexual orientation), marital status, military status, or disability. In addition, the Equal Credit Opportunity Act further protects applicants on the basis of their age, or receipt of public assistance. Should you have any concerns that the value conclusion in your appraisal was in any way impacted by bias or discrimination, please provide those details in your ROV form, marking the appropriate box, or alerting your Loan Officer.

How the ROV Process Works

- You may complete the ROV form on your own or consult with your Real Estate Agent or Loan Officer for their assistance as to which comparables or other relevant information may be beneficial to include with your request. Even if your Real Estate Agent or Loan Officer does not believe that submitting a ROV Request will result in a change in the value conclusion, you are still entitled to do so.
- You may use the Form to indicate the purpose of the ROV:
 - Errors or omissions in the appraisal report.
 - Use of incorrect comparable properties.
 - Evidence that the appraisal was influenced by bias or discrimination.
- You must complete the ROV form and return it to appraisals@callequity.net. Simply requesting a Form does not constitute an ROV request, the form must be returned for us to take action.
- The Form will be reviewed by our Appraisal Desk to ensure it is completed correctly, provides sufficient information for the appraiser to consider, and does not violate Appraiser Independence Requirements. If there are any questions or missing information the Appraisal Desk will reach out to you to remediate.
- Provided that the Form is acceptable, our Appraisal Desk will submit the ROV request to the appraiser.
- The appraiser will consider each element of the request and may agree or disagree that an adjustment or correction to the report is appropriate. The appraiser is an independent valuation professional who will determine whether or not the appraisal report warrants a change and cannot be directed by you or us in accordance with Appraisal Independence Requirements.
- Our Appraisal Desk will communicate the outcome of the ROV to you.

How to Complete the Form

Fill out all the loan specific information at the top of the form.

Be as detailed as possible in providing information for the appraiser to consider. If you are working with a Real Estate Agent, they may be able to provide you with comparable sales in the market. If this is a refinance transaction, you may use tools like Redfin and Zillow to find recent sales activity – but keep in mind, listings cannot be used. For factual errors, please provide which data points are inaccurate (number of bedrooms, number of bathrooms, GLA errors, age of home errors, presence or absence of a fireplace, parking garage, swimming pool, etc.).

General Guidance on Comparable Selections

Comparable sales often play a significant role in determining the appraised value. The appraiser is responsible for determining which comparables are the best and most appropriate for the

assignment based upon a variety of factors. Here are a few general guidelines they must consider that should guide you in this Reconsideration of Value process:

- The comparable must be for a closed sale, meaning an appraiser cannot utilize a property listing or contingent sale as a comparable. The closed date of the comparable must be prior to the appraisal report completion date (effective date). The appraiser must be able to verify the sale information via a 3rd party source. The appraiser must utilize at least 3 closed sales.
- Comparables should represent recent sales in the market. The comparable sales must have closed within the last 12 months. The best and most appropriate comparable sales may not be the most recent. An appraiser may have to use a time adjustment depending on when the sale took place relative to changes to the market.
- Comparable sales should be proximate to the subject property and ideally located in the same geographic neighborhood. For instance, if the property is located in a sub-division, the best comparables are the recent sales of similar homes in the same subdivision. If proximate comparables are not available due to a shortage of truly comparable sales, the appraiser may select comparables from competitive neighborhoods provided that the appraiser provides an analysis and commentary on why comparable sales in a competitive neighborhood were most appropriate.
- Comparable sales should have similar physical characteristics (e.g. similar room count, gross living area (GLA), style (e.g. ranch, split level), and condition). This does not mean the comparable must be identical to the subject property, rather it should appeal to the same market participants who would also consider purchasing the subject property. The appraiser may make adjustments for dissimilar characteristics such as GLA, room or bathroom count, condition, etc.
 - Gross living area (GLA) is the total finished living space above ground in a residential property. It's calculated by measuring the outside perimeter of the structure. GLA is different from total living area (TLA), which includes most internal, livable areas of a home, excluding unfinished and unheated areas.
 - The American National Standards Institute (ANSI) has guidelines for calculating GLA, including stipulations for staircases and ceiling height. Fannie Mae and Freddie Mac require appraisers to use these guidelines when generating appraisal reports.
 - Here are some things that are not included in GLA:
 - Basements, even if finished
 - Walk-out basements
 - Partially below-grade areas
 - Garages, patios, and porches
 - Areas not accessible from the interior of the primary dwelling
 - Here are some things that are included in GLA:
 - Major rooms, bedrooms, bathrooms, kitchen, and hallways
 - Finished attic spaces that are heated and have at least 5-foot walls

Appraiser Independence Requirements

The Appraiser Independence Requirements prohibit anyone from influencing or trying to influence an appraiser's value conclusion through coercion, collusion, compensation or intimidation. To avoid any appearance of influence please:

- Do not give your value conclusion or mention the final market value or range of values you desire;
- Do not provide a prior appraisal report; however, you may include comparables from that report should they still be timely;
- Please be respectful in providing your narrative about your concerns with the appraisal;
- We may ask you to resubmit the ROV form if these guidelines are not followed.

Please see <https://callequity.net/forms/> to download the fillable ROV form. Submit the form to appraisals@callequity.net when complete.