



**APPRAISAL INDEPENDENCE REQUIREMENTS
POLICIES AND PROCEDURES
of
MANHATTAN FINANCIAL GROUP, INC.**

These Policies and Procedures regarding the Appraisal Independence Requirements (AIR) have been prepared by Manhattan Financial Group, Inc., a California Corporation (hereinafter “Manhattan Financial”) to alert you to new prohibitions and conditions imposed on mortgage loan originations, including Manhattan Financial under the Appraisal Independence Requirements (AIR).

The purpose of the AIR is to enhance the integrity of the home appraisal process in the mortgage finance industry. It applies to all mortgage loans secured by 1-4 unit residential real property, except those which are insured or guaranteed by a government agency. (The AIR does not apply to FHA or VA loans).

Manhattan Financial requires full compliance with the AIR in connection with all applicable loans for which the borrower’s application is taken on or after May 1, 2009. While Manhattan Financial requires that each of its employees or agents, and all of its third party mortgage brokers, read and abide by the terms of the AIR as written, the focus of these AIR Policies is to ensure that everyone understands the core concepts and principles of the AIR.

Overview of the Appraisal Independence Requirements.

The AIR provides that:

Lenders, their agents, and third parties may not influence or attempt to influence the development, reporting, result or review of an appraisal through coercion, extortion, collusion, compensation, inducement, bribery, or any other means such as

- * Withholding or threatening to withhold, payment or future business from an appraiser
- * Request a specific valuation
- * Promising future business or providing non-financial benefits to an appraiser
- * Lenders must ensure that the appraisal process is completely independent of their loan production

Loan agents may not select, retain, recommend, or influence the selection of appraisers for specific assignments or inclusion on a lender’s list or panel of appraisers.

* Those non-loan production employees (which may include underwriters and loan processors) who are designated to select and interact with the appraisal management company may not report to a loan agent or any persons paid commission or direct compensation from loan closure.

* Under no circumstances may a mortgage broker select, retain or compensate an appraiser. However the mortgage brokerage may order, with the lender’s approval, an appraisal from a lender-designated appraisal management company, or AMC.

* The borrower or broker may only pay for the appraisal through the AMC. The borrower or broker may not compensate the appraiser directly.

Manhattan Financial must represent and warrant that the appraisal was obtained in a manner compliant with the AIR.

Manhattan Financials AIR Policies

All appraisals ordered in connection with loan applications taken on or after May 1, 2009 shall comply with the AIR. All employees and agents of Manhattan Financial, and all third party mortgage brokers who broker loans to Manhattan Financial for funding, shall comply with these AIR Policies, and the AIR as may be in effect from time to time. Manhattan Financial reserves the right, in its sole discretion, to modify these AIR Policies from time to time as necessary to ensure compliance with the AIR then in effect.

Retail – “In-House Loan Agents”

All In-House Loan Agents of Manhattan Financial will utilize Manhattan Financials authorized designated employee(s) in connection with the ordering of appraisals. **No Loan agent of Manhattan Financial, or any person considered a member of Manhattan Financials loan production staff, may order an appraisal or have contact with an appraiser relative to a mortgage loan originated by Manhattan Financial.** The designated employee(s) will receive the training necessary to comply with the terms of the AIR, and will be engaged at all times in Manhattan Financials functions which are unrelated to loan production. These “non-loan production” designated employees may communicate with the appraisal management company only, provided they do so in a manner which is in compliance with the AIR.

Manhattan Financial has established and maintained relationships with authorized AMC’s from which appraisers will be selected. All such appraisers will be licensed or certified by the state in which the property to be appraised is located. All such appraiser will be located on the list of approved appraisers.

Under ECOA each borrower is given the choice to review the appraisal for a minimum of 3 business days prior to closing or to waive the right to review the appraisal 3 days prior to closing. Every borrower will receive the appraisal prior to closing.

Upon completion of the appraisal, Manhattan Financial will arrange to immediately provide a copy of the appraisal to the borrower the copy will be delivered by Manhattan Financials designated employee(s) via the delivery method chosen by the borrower early in the loan transaction. It will be the responsibility of the designated employee who ordered the appraisal to confirm its delivery to the borrower by obtaining a written acknowledgment of receipt.

Wholesale – “Third Party Mortgage Brokers”

All Third Party Mortgage Brokers who broker mortgage loans to Manhattan Financial for funding shall abide by the terms of these AIR Policies.

Only those authorized “non-loan production” designated employees of the brokerages will be permitted to order an appraisal on behalf of Manhattan Financial Group, Inc.

All appraisal orders are to be ordered through the designated AMC’s on Manhattan Financial Group, Inc’s website. Direct communication with an appraiser relative to a loan brokered to Manhattan Financial is forbidden.

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By signature below, I certify that I have read, reviewed and understand the above AIR Policies and the attached Appraisal Independence Requirements. I agree to comply with the terms of Manhattan Financials appraisal ordering processes, as may be amended by Manhattan Financial in its sole discretion from time to time, as necessary to ensure ongoing regulatory compliance with the AIR.

Dated: _____

Signature: _____

Print name: _____

Company name: _____