



Arc Home Appraisal Valuation Requirements

** Valuation process applies to ALL Conventional loan programs, property types, # units, etc. **

Wholesale	
This document should be used as a reference tool in conjunction with Arc's guidelines.	
Standard Conforming FNMA and FHLMC GSE Products	<p>Transferred appraisals with an SSR score > 2.5 or no score require Arc Home Loan Collateral review. Any warnings from the SSR must be reconciled on the 1008. The Arc Home Collateral Review is not required for Delegated Correspondents. All appraisals must include a successful Submission Summary Report (SSR).</p> <ul style="list-style-type: none"> Note: The Fannie Mae Collateral Underwriter (CU) score is required on Fannie Mae standard products and Freddie Mac Loan Collateral Advisor (LCA) is required on Freddie Mac standard products. For loans with a PIW, no additional valuation is required. For loans with an appraisal and a PIW noted on the AUS, no additional valuation is required. For loans with an appraisal and a PIW is NOT noted on the AUS: <ul style="list-style-type: none"> If the Collateral Underwriter (SSR) score is < 3.5, Appraised Value may be used. <p>If the Collateral Underwriter (SSR) score is ≥ 3.5 OR no score is returned, an Arc Home Loan Collateral review is required. At the discretion of Arc Home, the appraisal may be subject to additional conditions and/or an additional valuation may be required to support the value.</p>
Access, Elite, Edge, Foreign National, FNMA/FHLMC Second Home/Investment, Conventional Investment Products	<p><u>PIW/ACE Requirements:</u> Arc Access, Elite, and Foreign National: PIW/ACE is not allowed. FNMA/FHLMC Second Home/Investment, Conventional Investment Products: If a PIW/ACE (with or without a PDR) is utilized, an AVM must also be ordered. The AVM must have a minimum Forecast Standard Deviation Score (FSD) per the below list and must not be more than 10% below the appraised value utilized on the AUS findings. If the AVM is more than 10% below the appraised value, then an appraisal is required, and the collateral waterfall must be followed.</p> <p><u>Appraisal Requirements:</u> All transferred appraisals require an Arc Home Loan Collateral review. When SSR score > 2.5 or no score is returned, an additional 3rd party review is required. All appraisals must include a successful Submission Summary Report (SSR). <ul style="list-style-type: none"> For Delegated Correspondents, if an SSR score cannot be obtained, then a CDA from clear capital or field review is required. If an SSR is obtained, any warnings from the Collateral Underwriter (CU) must be reconciled on the 1008. In addition, the Arc Home Collateral Review /3rd party review is not required. The Fannie Mae Collateral Underwriter (CU) score is required. Only CU SSR may be in the file. <ul style="list-style-type: none"> When two appraisals are required, if the lower appraised value returns an SSR score ≥ 3.5 OR no score is returned, an Arc Home Loan Collateral review is required. When one appraisal is required, the following applies: <ul style="list-style-type: none"> If the SSR score is ≤ 2.5, no additional appraisal review products are required unless otherwise specified or determined by the Arc Home Loan underwriter at the time of review. If the SSR score is > 2.5 to ≤ 3.4, order a CDA and follow the Collateral Waterfall. If the SSR score is ≥ 3.5 OR no score is returned, an Arc Home Loan Collateral review is required, in addition, order a CDA and follow the below Collateral Waterfall. Appraisals with an SSR score ≥ 3.5 require an additional 3rd party review for approval (not required on a “no score”). </p>

Collateral Waterfall

	Appraisal Review	CDA from Clear Capital	
		CDA Value	Action
		≤ 10% below* Appraised Value	Appraised Value may be used.
		> 10% - 20% below* Appraised Value	The lower of the Appraised Value or CDA value may be used or a field review may be ordered.
		> 20% below* Appraised Value or Indeterminate	Field review is required. Follow section below.
		Field Review	
		Field Review Value	Action
		≤ 10% below* Appraised Value	Appraised Value may be used.
		> 10% - 20% below* Appraised Value	The lower of the Appraised Value or Field Review value may be used or a second appraisal may be ordered.
		> 20% below* Appraised Value	<ul style="list-style-type: none"> • 2nd full appraisal is required • Lower of the two appraised values must be used
* The > 10% variance rule applies when the CDA/Field Review variance is reflecting a lower value than the appraisal. If the CDA/Field Review variance reflects a higher value than the appraisal, the appraisal is fully supported, and an additional valuation is not required			
Elite Jumbo Prime Products	Transferred appraisals are NOT acceptable, regardless of the SSR score.		
	All appraisals must include a successful Submission Summary Report (SSR). Note: The Fannie Mae Collateral Underwriter (CU) score is required. For Delegated Correspondents, if an SSR score cannot be obtained, then a CDA from clear capital or field review is required. If an SSR is obtained, any warnings from the Collateral Underwriter (CU) must be reconciled on the 1008. In addition, the Arc Home Collateral Review /3rd party review is not required.		
	<ul style="list-style-type: none"> • When two appraisals are required, if the lower appraised value returns an SSR score ≥ 3.5 OR no score is returned, an Arc Home Loan Collateral review is required. • When one appraisal is required, the following applies: <ul style="list-style-type: none"> ○ If the SSR score is ≤ 2.5, no additional appraisal review products are required unless otherwise specified or determined by the Arc Home Loan underwriter at the time of review. ○ If the SSR score is > 2.5 to ≤ 3.4, order a CDA and follow the Collateral Waterfall. ○ If the SSR score is ≥ 3.5 OR no score is returned, an Arc Home Loan Collateral review is required, in addition, order a CDA and follow the below Collateral Waterfall. 		
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	Appraisal Review	CDA from Clear Capital	
		CDA Value	Action
		≤ 10% below* Appraised Value	Appraised Value may be used.
		> 10% below* Appraised Value or Indeterminate	Field review is required. Follow section below.
		Field Review	
		Field Review Value	Action
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<p>Jumbo Express and Jumbo Prime Products</p>	<p>Transferred appraisals are NOT acceptable, regardless of the SSR score. All appraisals must include a successful Submission Summary Report (SSR). Note: The Fannie Mae Collateral Underwriter (CU) score is required. Any warnings from the SSR must be reconciled on the 1008. The Arc Home Collateral Review is not required for Delegated Correspondents. When two appraisals are required, a CDA is required on the appraisal with the lower value. If the lower appraised value returns an SSR score ≥ 3.5 OR no score is returned, an Arc Home Loan Collateral review is required. When only 1 appraisal is required, a CDA is required regardless of SSR score, then follow the Collateral Waterfall. If the SSR score is ≥ 3.5 OR no score is returned, an Arc Home Loan Collateral review is required, in addition to the CDA.</p> <table border="1" data-bbox="447 570 1934 911"> <thead> <tr> <th colspan="3" data-bbox="447 570 1934 613">Collateral Waterfall</th> </tr> <tr> <th data-bbox="447 613 632 911" rowspan="6">Appraisal Review</th> <th colspan="2" data-bbox="632 613 1934 651">CDA from Clear Capital</th> </tr> <tr> <th data-bbox="632 651 1031 683">CDA Value</th> <th data-bbox="1031 651 1934 683">Action</th> </tr> </thead> <tbody> <tr> <td data-bbox="632 683 1031 716">$\leq 10\%$ below* Appraised Value</td> <td data-bbox="1031 683 1934 716">Appraised Value may be used.</td> </tr> <tr> <td data-bbox="632 716 1031 781">> 10% below* Appraised Value or Indeterminate</td> <td data-bbox="1031 716 1934 781">Field review is required (Must be ordered through Loan Exchange). Follow section below.</td> </tr> <tr> <th colspan="2" data-bbox="632 781 1934 813">Field Review</th> </tr> <tr> <th data-bbox="632 813 1031 846">Field Review Value</th> <th data-bbox="1031 813 1934 846">Action</th> </tr> <tr> <td data-bbox="632 846 1031 878">$\leq 10\%$ below* Appraised Value</td> <td data-bbox="1031 846 1934 878">Appraised Value may be used.</td> </tr> <tr> <td data-bbox="632 878 1031 911">> 10% below* Appraised Value</td> <td data-bbox="1031 878 1934 911">Loan is Ineligible</td> </tr> </tbody> </table> <p>* The > 10% variance rule applies when the CDA/Field Review variance is reflecting a lower value than the appraisal. If the CDA/Field Review variance reflects a higher value than the appraisal, the appraisal is fully supported, and an additional valuation is not required.</p>			Collateral Waterfall			Appraisal Review	CDA from Clear Capital		CDA Value	Action	$\leq 10\%$ below* Appraised Value	Appraised Value may be used.	> 10% below* Appraised Value or Indeterminate	Field review is required (Must be ordered through Loan Exchange). Follow section below.	Field Review		Field Review Value	Action	$\leq 10\%$ below* Appraised Value	Appraised Value may be used.	> 10% below* Appraised Value	Loan is Ineligible
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<p>Wholesale Important Notes</p>	<ul style="list-style-type: none"> • For transferred appraisals, refer to the Transferred Appraisal Policy for additional information. • Each appraisal review product must be completed by a different appraisal company and appraiser than the original appraisal. • Arc Home will order and pay for the CDA, if required. The CDA will be ordered from Clear Capital. • The Broker is responsible for ordering the Field Review AND initiating a Change of Circumstance to include the fee in the loan charges if a Field Review/additional appraisal is required. • If an Agency loan requires an AVM, the AVM must be ordered from one of these approved vendors: <ul style="list-style-type: none"> ○ Clear Capital - FSD < 0.13 ○ Freddie Mac Home Value Explorer (HVE) - High confidence level ○ Veros/Vero Value - FSD < 0.16 																						