



**FORGE CAPITAL LENDING
APPRAISAL POLICY & PROCEDURES MANUAL**

1. Purpose

To establish institutional controls governing appraisal ordering, independence, valuation methodology, review, and delivery to ensure compliance with CFPB, AIR, ECOA, and Interagency Appraisal Guidelines.

2. Governance & Independence Structure

Forge Capital Lending a dba of Kings Mortgage, Inc NMLS#264441, maintains a fully independent Appraisal Desk managed by a 3rd party. This function operates outside of production, sales, and broker channels. Reporting lines, compensation, and performance metrics are segregated to eliminate conflicts of interest.

3. Regulatory Framework

This policy adheres to 12 CFR §1026.42 (Valuation Independence), ECOA §1002.14, TILA Section 129E, AIR requirements, and Interagency Appraisal Guidelines. All overlays are designed to meet or exceed agency-equivalent standards.

4. Appraisal Ordering Workflow

All appraisal orders must be initiated through the Appraisal Desk or approved AMC panel. Brokers, Account Executives, and production staff are prohibited from selecting or influencing appraisers. Orders are logged, tracked, and audited.

5. Approved Valuation Methods

Forge Capital Lending supports a risk-based valuation model including Full Appraisals, Desktop Appraisals, Hybrid Valuations, AVMs (with confidence thresholds), BPOs (where permitted), and Desk Reviews.

6. Collateral Risk Matrix - CDA

PIW/ACE Requirements: All Non-QM Programs: PIW/ACE is not allowed.

Appraisal Requirements: All appraisals must include a successful Submission Summary Report (SSR).

Note: The Fannie Mae Collateral Underwriter (CU) score is required.

1. On transferred appraisals when the SSR score > 2.5 or no score is returned on a loan with an LTV >70% OR > \$1,000,000, an FCL Collateral review is required.
2. For Delegated Correspondents, if an SSR score cannot be obtained, then a CDA from Vision VMC 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 FCL Collateral Review is not required. The following CDA requirements apply to transferred and non-transferred appraisals:

1. When two appraisals are required, if the lower appraised value returns an SSR score > 3.5 OR no score is returned, an FCL Loan Collateral review is required.
2. When one appraisal is required, the following applies:
 - If the SSR score is < 2.5, no additional appraisal review products are required unless determined by the FCL underwriter at the time of review.
 - If the SSR score is > 2.5, order a CDA and follow the Collateral Waterfall.
 - If the SSR score is > 3.5, order a CDA and follow the Collateral Waterfall. An FCL Collateral review is required.
 - If the SSR score is not returned, order a CDA and follow the Collateral Waterfall. When the SSR score is not returned on a loan with an LTV >70% OR > \$1,000,000, an FCL Collateral review is required.

Collateral Waterfall Chart		
Appraisal Review	CDA from Vision VMC	
	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 reflects 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.

Notes:

1. For transferred appraisals, refer to the Transferred Appraisal Policy for additional information.
2. Each appraisal review product must be completed by a different appraisal company and appraiser than the original appraisal.
3. FCL will order and pay for the CDA, if required. The CDA will be ordered from Vision VMC.
4. 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.
5. If an Agency loan requires an AVM, the AVM must be ordered from one of these approved vendors:
 - Vision VMC– FSD < 0.13
 - Any provider from Vision VMC's AVM Cascade
 - Veros/Vero Value – FSD < 0.16

7. Communication Protocol

All communications with appraisers must flow through the Appraisal Desk or AMC. Permissible communications include clarification requests and additional data submission. Prohibited communications include value conditioning, pressure, or deal-dependent influence.

8. Reconsideration of Value (ROV)

ROV requests must be submitted in writing with supporting comparable sales and market data. Requests are reviewed by the Appraisal Desk and documented for audit purposes.

9. Appraisal Review & Quality Control

Each appraisal undergoes automated and manual review. Reviews validate USPAP compliance, comparable appropriateness, adjustments, and market consistency. High-risk loans require secondary review.

10. AMC & Vendor Management

Forge maintains an approved AMC panel. Vendors are evaluated based on quality, turn time, revision frequency, and geographic competency. Annual performance reviews are required.

11. Customary & Reasonable Fees

All appraisal fees are benchmarked against market data to ensure compliance with federal requirements. Fee schedules are reviewed periodically.

12. Appraisal Transfers

Transferred appraisals must meet AIR requirements, include full documentation, and be reviewed for compliance prior to acceptance. Please refer to the Forge Capital Lending Appraisal Transfer Policy for details on the process to request an appraisal transfer from FCL and use an appraisal being transferred to FCL.

13. Second Appraisal Policy

Second appraisals are permitted only under documented risk conditions. Value shopping is strictly prohibited, or in the case of loan size and a second appraisal is required to confirm value.

14. Borrower Delivery Requirements

Borrowers receive appraisal disclosure within 3 business days of application and copies promptly upon completion or no later than 3 days before closing.

15. Audit & Compliance Monitoring

Internal audits are conducted periodically to ensure adherence. Findings are documented and corrective actions implemented. All communications and decisions are retained for regulatory review.

16. Record Retention

All appraisal-related documentation is retained for a minimum of 5–7 years, including reports, communications, and review documentation.

17. Appraisal Desk Workflow (Operational Summary)

1. Order received → 2. AMC assigned → 3. Appraiser assigned → 4. Report delivered → 5. QC review → 6. Conditions/ROV (if applicable) → 7. Final acceptance → 8. Delivery to borrower

18. Compliance Certification

All employees and third-party partners must acknowledge and adhere to this policy. Violations may result in disciplinary action or termination of vendor relationships.