



ARC Confidential - April 2016

ARC's Annual Appraisal Audit

Why subject our company to an internal audit?

Our first audit by RSM McGladrey was in 2010 to ensure our Appraisal Management Company was in full compliance with HVCC. With the ever changing landscape of Appraisal Guidelines we felt it imperative that we continue with this annual audit.

"We wanted to provide assurances to our clients that we are fully compliant. We have been following the spirit of these Appraisal Independence guidelines for over 10 years. McGladrey has further confirmed our efforts to follow these guidelines."

- Francois Madath, President and CEO

What is the scope of the audit?

The purpose of the internal audit was to independently evaluate adherence with regulatory and accounting guidance, internal policies and procedures, best practices and industry-accepted standards. McGladrey auditors relied on existing policies and procedures, internal control descriptions, industry standards, and laws and regulations as the basis for testing and reviewing the control environment.

- Specifically the internal audited the following procedures:
- Policies and Procedures
- Appraisal Orders, Review of Appraisal Reports, and Appraiser Evaluations
- New Appraisers
- Banned Appraisers
- Manage appraiser panel to ensure licenses are active and without action from governing bodies
- *Complaint Process*

- ARC Staff Training/Appraiser Qualifications

What are the findings of the audit?

Based upon the results of ARC's processes for complying with the Interagency Appraisal and Evaluations Guidelines (December 2, 2010), Fannie Mae (FNMA) Appraiser Independence Requirements (October 15, 2010), Appraiser Independence Requirements of Dodd-Frank (July 21, 2010) and ARC internal policies and procedures, the audit concluded that we have embraced the spirit of the above guidelines and requirements, and implemented the above guidelines into their operating environment.

The bottom line:

Based upon the audit, ARC's appraiser independence is functioning at a satisfactory level, which is McGladrey's highest internal audit rating.

Click here for a client copy of the [audit](#).

Thank you for your business, and know that we take compliance seriously.