

A Case in Point™

AppraisalChecks™



When It Comes To Real Estate Transactions, U.S. Financial Institutions Turn To AppraisalChecks™ Before Making Credit Decisions

Quality control is a critical consideration in the financial services industry, especially when it comes to appraisals and credit decisions for residential and commercial real estate lending. It's these features that Affinity Bank, Cathay Bank, First Bank of Beverly Hills, and Westamerica Bank - among others - count on when they turn to AppraisalChecks™ from Jay C. Fisher & Company.

AppraisalChecks is a comprehensive appraisal review process that provides financial institutions throughout the country with a certainty that their appraisals provide an accurate analysis with respect to valuation. Designed in two formats, one for single family construction appraisals and one to address the unique needs of commercial property, AppraisalChecks first details the approach used - cost, sales comparison, income capitalization - then follows a checklist format to ensure vital steps are completed accurately. The flexible format allows the reviewer to provide a narrative to highlight concerns or discrepancies. The final report ties together the various methodologies used and assesses the accuracy of the approach and conclusions, critical factors that can draw the attention of Federal auditors if they are missing.

"Jay C. Fisher & Company's AppraisalChecks has an extremely solid track record with Westamerica Bank," said David Hicks, vice president and commercial credit administrator, Westamerica Bank. "The firm always delivers the highest quality reviews in the format that best suits our business. Over the 14 years we've used AppraisalChecks, appraisal reviews subject to loans that are over \$1 million have been examined by the various banking regulators and there has never been a single criticism."

With AppraisalChecks reviewers check to ensure the original appraiser has fully met the requirements established by the Uniform Standards of Professional Appraisal Practice (USPAP), the Appraisal Institute, and the Financial Institutions Reform Recovery Enforcement Act of 1989.

Affinity Bank: Quality Assurance

For the past seven years, Affinity Bank has relied on AppraisalChecks for quality control. The bank's internal staff randomly selects 10% of all loans through closing and sends them to Jay C. Fisher & Company to secure an independent opinion

using AppraisalChecks. If the review process identifies significant issues, the bank's quality control team works with the original appraiser to resolve them.

"Not only do we identify and resolve potentially significant issues before they are a problem, but AppraisalChecks gives us an added measure of safety and security that the appraisals we use in making lending decisions are completed under the correct standards," said Ed Summers, senior vice president and chief credit officer of Affinity Bank. "On an annual basis we recap all of the reviews by appraiser and use them as input for our annual review of pre-qualified outsource appraisers to ensure we have the best team available."

Regulatory and USPAP Compliance AppraisalChecks by Jay C. Fisher & Company complies with Standard 3 of the Uniform Standards of Professional Appraisal Practice (USPAP) regarding appraisal review, development and reporting. Standard 3 states, "Appraisal review is the act or process of developing and communicating an opinion about the quality of all or part of the work of another appraiser that was performed as part of an appraisal, appraisal review, or appraisal consulting assignment. The reviewer's opinion about quality must encompass the completeness, adequacy, relevance, appropriateness, and reasonableness of the work under review, developed in the context of the requirements applicable to that work."

Overflow Review

Robert Jackson, vice president, chief appraiser of Cathay Bank, started using AppraisalChecks at a previous institution, and was so confident in the results and delivery, that he included them in his move to Cathay Bank. While the bank relies on AppraisalChecks primarily for its commercial lending, they have used the process successfully with virtually every type of real estate transaction. Since the bank deals with large loan values, it is essential that appraisals are reviewed for quality, specifically in terms of FDIC and USPAP compliance.

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"It is very important that we have a quality review of each appraisal so if it is not up to standard we can work it out with the original appraiser. AppraisalChecks, with its detailed narrative, provides me with an extremely competent and qualified review," said Jackson. "Jay C. Fisher & Company is a trusted source that I can rely on to review our commercial appraisals to ensure they comply with Federal requirements."

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In addition, Cathay Bank depends on the firm to handle overflow during peak periods. According to Jackson, the bank gets a bottom line benefit: volume can be increased in a cost-effective, efficient manner without increasing overhead. To Cathay Bank, a medium-sized institution, having AppraisalChecks available adds to their ability to complete appraisal reviews on a national basis without slowing the overall lending process.

Portfolio Acquisition Review

"Jay C. Fisher & Company is a trusted partner," said Gary A. Dent, vice president and chief appraiser for First Bank of Beverly Hills. "The quality and thoroughness of their work is superior and their turn-around is always prompt and on-time."

In addition to, utilizing AppraisalChecks on loans originated at First Bank of Beverly Hills, Dent uses the service to review loan portfolios purchased from other institutions. In this scenario, the bank typically faces extremely tight deadlines in which to

evaluate the portfolio and make a decision. "As usual, we had a very tight timeframe in which to make our decision on buying the loans, and on the price we were willing to pay," said Dent. "This was a perfect application for AppraisalChecks: a large number of loans in various parts of the country that needed to be reviewed quickly. With AppraisalChecks, I trust the quality of work and I know that it will be delivered on time."

Streamlining and Evaluating Outsource Appraisers

Westamerica Bank started working with Jay C. Fisher & Company in 1992. Essentially, the firm worked as a virtual appraisal department for their commercial and residential real estate lending, with a goal of reviewing the appraisers used by the bank to ensure they provided accurate, high-quality reports; clearly understood the bank's expectations, and were able to deliver on-time and without error. Using AppraisalChecks, the firm was able to fine-tune the "Approved Appraiser List" for the bank while providing independent feedback and direction to the appraisers that improved the quality of their work. Since Westamerica Bank extends credit in northern and central California, this process took several years to ensure the appraisers had the specific skills required for the unique needs of the various regions where they worked.

"Working with AppraisalChecks gives us a cost-effective way to ensure the validity and quality of the appraisals we use to influence our credit decisions," said Hicks. "These decisions often involve millions of dollars across the state, so having the right assessment and valuation is mandatory." With a streamlined group of appraisers fully trained on the bank's expectations of quality and delivery, periodically Westamerica Bank uses AppraisalChecks to spot check quality to ensure appraisers keep up with changes in regulations in the bank's various markets. In addition, the bank relies on AppraisalChecks to review and verify the work of new independent appraisers.

"Using AppraisalChecks we complete cost-effective and timely reviews for lending institutions, whether considering new loans or when purchasing a bundle of commercial loans," said Jay Fisher, MAI, principal of Jay C. Fisher & Company. "Many of our clients don't have internal appraisal staffs in their regional offices that can complete appraisal reviews. Others rely on us to provide an independent perspective that supports the credit decision and that resonates with Federal auditors."

Jay C. Fisher & Company helps financial institutions make sound lending decisions. By providing a comprehensive yet succinct review, the firm provides an essential quality check needed to affirm accurate valuations and valid conclusions that meet the most stringent Federal requirements.

Lenders Depend on AppraisalChecks for:

- Residential
- Commercial
- Apartment Complexes
- General Commercial
- Condominiums
- General Industrial
- Subdivisions
- Shopping Centers
- Mobile Home Communities
- Office and Bank Buildings
- Single-family Residences
- Restaurants
- Vacant Land
- Special Use Projects

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