

Jason Tank

From: Elaine Hoskin
Sent: Tuesday, September 03, 2002 4:28 PM
To: Jim Lehr; Melissa Bolling; Shannen Buerke; Sheila White
Cc: Tom Turner; Bob Ness
Subject: RE: Malouf 162029 "Borrenge Springs"

Jim: I understand the appraisal ordering process and follow-up to get that appraisal. Thanks.
All: How does anyone in this universe know that that asset is awaiting an appraisal to be transferred into its final resting place? Who would notice it missing? How?

Please don't make me call a meeting to figure this out. Thanks.

-----Original Message-----

From: Jim Lehr
Sent: Tuesday, September 03, 2002 3:08 PM
To: Elaine Hoskin
Subject: RE: Malouf 162029 "Borrenge Springs"

Actually, this is the only unordered appraisal we have had, to my knowledge, and we can discuss the reasons for this instance later.

The policy is that the closers will not close and fund a transaction without an appraisal and an OSL Appraisal Review sheet, signed off on both the Reviewer and another Underwriter, unless they have an Underwriter sign off. This applies whether it was an OSL-ordered appraisal, or a broker-supplied one. If it is an OSL-ordered report, then Frances Anderson in the appraisal department monitors when it was ordered, when it is due, and she further keeps in contact with the appraiser to be sure he/ she keeps to the agreed schedule.

Let me know if you have any further questions.

-----Original Message-----

From: Elaine Hoskin
Sent: Friday, August 30, 2002 12:33 PM
To: Jim Lehr
Cc: Tom Turner; Bob Ness; Melissa Bolling; Sheila White
Subject: RE: Malouf 162029 "Borrenge Springs"

Jim: Thanks for the quick response. It helps me understand what happened better. The situation does raise questions on how to avoid in the future. Off the top of my head:

What tracking system exists for unordered appraisals and how does anyone know whether an asset is in funding source limbo? Once it arrives, how does all this get hooked back up and the asset into the right home? Thanks.

-----Original Message-----

From: Jim Lehr
Sent: Friday, August 30, 2002 9:25 AM
To: Elaine Hoskin
Cc: Tom Turner; Bob Ness
Subject: RE: Malouf 162029 "Borrenge Springs"

The appraisal has been ordered for a couple of weeks now, and not expected until late in September. This is an unusual situation, as we would not normally close without either a written hard, reviewed copy of the appraisal, or - in some circumstances - a verbal value with a written to follow in a few days. We had an appraisal ordered on this property prior to closing, but it was delayed and then later cancelled, the reasons for which are varied and not fully clear. I believe that the loan was closed with the understanding that the appraisal was forthcoming, and we had a tentative verbal value from the appraiser.

When we discovered that no appraisal was forthcoming, we decided to order one, but we found it difficult to get appraisers to accept this assignment, as it is a difficult project to value, and the property is somewhat of a market by itself, not close to major urban areas. That's why we just recently were able to get the order placed.

-----Original Message-----

From: Elaine Hoskin
Sent: Thursday, August 29, 2002 7:13 PM
To: Tom Turner; Bob Ness
Cc: Jim Lehr; Sheila White; Melissa Bolling; Shannen Buerke

Subject: Malouf 2029 "Borrego Springs"

Tom and Bob: There is no appraisal - yet. This asset cannot be moved to Western until we have one, which is not scheduled to arrive for a few weeks. I still have yet to discover why the asset ended up in Western without the proper requirements. Melissa has confirmed that the documentation has the asset in MW. I'm not sure we can claim documentation error to support a prior asset transfer to Western in the GL as there is no appraisal as of 29 Aug. Let's talk tomorrow a.m. when we get together on reserving.

Sheila: Could you please check closing entries to confirm that the asset closed in MW? Did closer communicate it should move to WULA to accounting?

Shannen: Who would make the GL entries to book this loan into Western? What instructions required?

Jim: When was the appraisal ordered? Who normally would be responsible for ensuring that a trailing appraisal was ordered and acceptable in a timely fashion?

All: Once the appraisal is in, who has responsibility for making sure asset transfer is completed (GL and assignments)? How is this communicated to accounting?

This is not an effort to ascribe blame to anyone. I am just trying to understand what happened so that we can find solutions that clarify all instructions to prevent this. We have had to create a more defined process for monthly asset transfers that had similar "misses" and we should probably do that here. It's working well and takes the confusion out of something that should be routine. Thanks for your help.

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