中國銀行
BANK OF CHINA

Bank of China US Branches

Real Estate Appraisals Policy

November 2019

Version	Date Changes Made	Author	Description of Changes
2016 v.01	November 2016	George Moy	Policy Establishment
2017 v.02	November 2017	George Moy	Annual Update
2018 v.01	November 2018	Daniel Hu and Celia Yeh	Annual Update
2019.v.01	November 2019	Daniel Hu and Celia Yeh	Annual Update

Identifying Information	
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Effective Date	11/14/2019
Location	I:\Policy Library
Document Type	Policy

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Contents

1. Executive Summary

The Real Estate Appraisals Policy (the "Policy") applies to the Bank of China New York Branch and its satellite branches (collectively "BOC US Branches," "BOCNY," or "Branch") licensed by the Office of the Comptroller of the Currency ("OCC"):

- New York Branch ("NYB")
- Queens Branch ("QNB")
- Chicago Branch ("CHB")
- Los Angeles Branch ("LAB")

The Branch places great importance on the quality of appraisals and evaluations. This document outlines the policy of the Branch to establish and describe the requirements for appraisals made pursuant to loan and asset monitoring activities.

1.1. Rationale

The Policy sets forth the Branch's asset quality of real estate loans and has been developed in accordance with the Interagency Appraisal and Evaluation Guidelines issued on December 2010.

1.2. Related Policies and Procedures

This Policy should be read in conjunction with other policies, including but are not limited to:

- Bank of China US Risk Governance Framework (RGF)
- Bank of China US Branches Credit Risk Management Policy
- Bank of China US Branches Credit Underwriting Standards
- Bank of China US Branches Other Real Estate Owned Policy
- Bank of China US Branches Commercial Real Estate Risk Management Policy
- Bank of China US Branches Commercial Real Estate Risk Management Procedure
- Bank of China US Branches Allowance for Loan and Lease Losses Policy
- Bank of China US Branches Allowance for Loan and Lease Losses Methodology
- Bank of China US Branches Loan Workout Procedure

2. The Scope

This Policy is consistent with the Risk Governance Framework ("RGF") and adheres to the standards for managing risks, including identifying, assessing, controlling, monitoring, reporting, and escalating credit risk as defined in the RGF.

The scope of this policy is to sets forth the frequency and content of appraisals and evaluations and describes the real estate appraisal review process. The scope of the Policy includes Commercial Real Estate ("CRE") credit exposure to all customers and residential mortgage.

3. Roles & Responsibilities

The Policy establishes standards for BOCNY related to first, second and third lines of defense for credit risk management.

3.1. Policy Governance

Risk Management Department ("RMD") is responsible for maintaining and updating the Policy. The Policy is reviewed and approved by Credit Risk Committee ("CRC") and Risk Management and Internal Control Committee ("RMICC") at least annually or more frequently if necessary. RMICC provides the final approval authority on the Policy.

3.1.1. Risk Management and Internal Control Committee ("RMICC")

The RMICC provides oversight of the Branch's credit risk management framework. The RMICC is responsible for approving the related risk policies, reviewing and discussing reports on credit risk management, assessing the comprehensiveness and effectiveness of BOCNY's credit risk management program, and overseeing the performance of its credit risk professionals. RMICC provides final approval on this Policy.

3.1.2. Credit Risk Committee ("CRC")

The CRC reviews and monitors credit risk on a portfolio wide basis and makes recommendations regarding strategy. The CRC oversees the overall asset quality and make recommendations regarding credit strategy, credit risk appetite, credit risk profile(s), credit portfolio(s) including credit risk limits and credit portfolio optimization decisions; and, as required, to suggest courses of action in response to portfolio performance, and market and regulatory conditions.

3.1.3. Credit Approval Committee ("CAC")

The CAC is a subcommittee of the CRC. The purposes of the CAC is to review and approve the individual credits and loans to support BOCNY's business; oversee the problem credit workout process; maintain a safe and sound loan portfolio; and comply with regulatory standards. The responsibilities of the CAC are to recommend collection strategy of problem credits; review and approve new credits and monitor individual credits, and extension of existing credit limits; review the Watch List credits, approve workout strategy of the problem credit and oversee its implementation; review and approve policy/procedure exceptions, control exception within limit, and report exception to CRC; review Shared National Credit result, external loan review report and approve any rating change proposed by FLUs and/or IRM; and review and approve the special reserve and Workout Plan.

3.2. Three Lines of Defense

Credit Risk Management is facilitated through BOCNY's three lines of defense: Front Line Units ("FLUs"), Independent Risk Management ("IRM"), and Internal Audit ("IA"). The FLUs operate within a defined and transparent risk taking environment and is accountable for the risks that arise from FLUs' activities; the IRM reviews, oversees, and challenges independently for the execution of risk management by the FLUs; and the IA provides independent assurance of the first and second line activities.

3.2.1. First Line of Defense (FLUs)

FLUs are responsible for appropriately assessing and effectively managing the risk associated with their activities.

CBD, LAB, CHB and QNB are within the first line of defense, and their responsibilities for appraisal risk management include but not limited to:

- Adhere to the independence of persons ordering the appraisals from the deal making staff;
- Refrain from contacting the appraiser directly or without RMD present at any time;
- Accept appraisal report ordered and approved by the Branch;
- Determine key credit metrics such as LTV, DSCR, Debt Yield, Cap Rate and Discount Rate from approved appraisal report; and
- Maintain consistency between key metrics of appraisal report to Credit Recommendation Report ("CRR").

3.2.2. Second Line of Defense (Independent Risk Management)

IRM works with FLUs to establish and maintain appropriate risk tolerance limits/guidelines, policies, procedures with monitoring, measurement and reporting systems to provide tools to facilitate risk management activities.

RMD is the second line of defense and its responsibility for appraisal risk management includes but not limited to:

- Update, maintain, control, and distribute this Policy and report to risk committees;
- Establish selection criteria for appraisal;
- Contact appraisal firms, and conduct interview with appraisers;
- Discuss needs and expectations with appraisal firm to ensure that an appraisal is appropriate for its intended use;

- Ensure appraisals contain sufficient information, and meet acceptable standards;
- Validate whether an existing appraisal remains valid, and is consistent with the credit file ;
- Review if an appraisal contains sufficient information, and is aligned with compliance, appraisal regulations, and internal policy; and
- Conduct annual review of the real estate portfolio to identify loans that need to be appraised due to changes of economic factors.

3.2.3. Third Line of Defense

The Internal Audit Department ("IAD"), which is independent of the Branch management, is responsible for independently evaluating and assessing the effectiveness of the control environment established by BOCNY management. These include performing regular, independent reviews of activities conducted in accordance with the RGF, the Credit Risk Management Policy, and related procedures.

4. Policy Statement & Standards

4.1. Policy Statement Overview

The purpose of this Policy is to establish guidelines to commensurate with the risk of the Branch's overall real estate lending activities; including a system of adequate controls and verification to ensure that appraisals and evaluations provide credible market values with the following objectives:

- To ensure the independence of the persons ordering, performing, and reviewing appraisals to be insulated from any influence by deal making staff.
- Appropriate selection and competence criteria are maintained to evaluate and periodically monitor the ongoing performance.
- Appraisals comply with all regulatory appraisal regulations and are consistent with the Branch's Credit Risk Management Policy.
- Adequate appraisals and evaluations are obtained and contain sufficient information to support the credit decision.
- Criteria for content and appropriate use of evaluations are maintained consistent with safe and sound banking practices.
- The receipt and review of the appraisal or evaluation report is accomplished in a timely manner to facilitate the credit decision.
- A process is maintained to assess the validity of existing appraisals or evaluations to support subsequent transactions.

4.2. Appraisal and Evaluation Program

BOCNY has instituted a number of organizational and risk management processes to identify, oversee, manage and report on its credit risk, thus maintaining the Branches' risk profile in line with its approved risk appetite. BOCNY adopts and reviews policies and procedures that establish an effective real estate appraisal and evaluation program. The program shall:

- Provide for the independence of the person ordering, performing, and reviewing appraisals or evaluation;
- Establish selection criteria and procedures to evaluate and monitor the on-going performance of persons who perform appraisals or evaluations;
- Ensure that appraisals contain sufficient information to support credit decision;
- Maintain criteria for content and appropriate use of evaluations;
- Provide for receipt and review of the appraisal or evaluation report in a timely manner to facilitate the credit decision;
- Develop criteria to assess the validity of existing appraisals or evaluations to support subsequent transactions;
- Implement internal control that promote compliance with this program standards; and
- Establish criteria for obtaining appraisals or evaluations for transactions that are not otherwise covered by the appraisal requirements of the appraisal regulations.

4.3. Independence of the Appraisal and Evaluation Program

In order to maintain standards of independence as part of an effective collateral valuation program, the RMD shall orders, accepts, and reviews appraisals and evaluations. The RMD shall be isolated from influence of FLUs.

Appraisers who perform appraisals must be independent of the loan production and collection process and have no direct or indirect interest, financial or otherwise, in the property or transaction. While the information provided to the appraiser by the Branch should not unduly influence the appraiser, the Branch may provide a copy of the sales contract for purchase transactions. Further, the Branch shall not communicate a predetermined, expected, qualifying, or owner's estimate of value, or a loan amount or target loan-to- value ratio to a person performing an appraisal.

4.4. Appraisal Requirement

According to Interagency Appraisal and Evaluation Guidelines ("Guidelines"), most real estate-related financial transactions over the appraisals threshold are considered federally related transactions and, thus, require appraisals.

The Branch requires all real estate-related financial transactions to obtain appraisal except:

- Transactions with a transaction value equal to or less than $400,000;
- An institution may take a lien on real estate and be exempt from obtaining an appraisal if the lien on real estate is taken by the lender in an abundance of caution;
- An institution is not required to obtain an appraisal on a loan that is not secured by real estate;
- An institution take liens against real estate to protect legal rights to, or control over, other collateral;
- Business loans with a transaction value of $1 million or less when the sale of, or rental income derived from, real estate is not the primary source of repayment;
- Operating leases that are not the economic equivalent of the purchase or sale of the leased property do not require appraisals;
- Under certain circumstances, renewals, refinancing, and other subsequent transactions may be supported by evaluations rather than appraisals when either (i) there has been no obvious and material change in market conditions or physical aspects of the property that threatens the adequacy of the institution's real estate collateral protection after the transaction, or (ii) there is no advancement of new monies, other than funds necessary to cover reasonable closing costs;
- If each note or real estate interest meets the Agencies' regulatory requirements for appraisals at the time the real estate note was originated, the institution need not obtain a new appraisal to support its interest in the transaction. The institution should employ audit procedures and review a representative sample of appraisals supporting pooled loans or real estate notes to determine that the conditions of the exemption have been satisfied;
- Transactions that are wholly or partially insured or guaranteed by a U.S. government agency or U.S. government-sponsored agency;
- Transactions that either (i) qualify for sale to a U.S. government agency or U.S. government-sponsored agency, or (ii) involve a residential real estate transaction in which the appraisal conforms to Fannie Mae or Freddie Mac appraisal standards applicable to that category of real estate; and
- An institution acting as a fiduciary is not required to obtain appraisals under the Agencies' appraisal regulations if an appraisal is not required under other laws governing fiduciary responsibilities in connection with a transaction.

4.5. Appraisers Selection

The RMD shall establish criteria to select, evaluate, and monitor the performance of the appraisers. The criteria should ensure that:

- The selection process is non preferential and unbiased;
- The appraisal firm selected shall have staff appraisers possessing the requisite education, expertise, and competence to complete the assignment;

- The work performed by the appraisal firm and its staff appraisers shall be reviewed by the RMD. If the mortgage loan is in excess of $10 million, the review of the appraisal shall be conducted by an independent party with same or better appraisal expertise and experience in the same type of properties and same market areas;
- The selected appraisal firm or its selected staff appraisers must be capable of rendering an unbiased opinion;
- The selected appraisal firm and / or its selected staff appraiser must be independent and has no direct, indirect, or prospective interest, financial or otherwise, in the property or transaction; and
- The appraiser selected to perform an appraisal must hold the appropriate state certification or license that meets the minimum standards stated in 4.6.

Under the Guidelines appraisal regulations, independence is compromised when a borrower or loan production personnel recommends or selects a person to perform an appraisal. The use of a borrower-ordered appraisal is a violation of the Agencies' appraisal regulations. RMD must use written engagement letters when ordering appraisals irrespective of the size or types of the properties. An engagement letter facilitates communication with the appraiser and documents the Branch's expectations to the appraisal assignment. The engagement letter shall be included in the permanent credit file. To avoid the appearance of any conflict of interest, appraisal development work shall not commence until the RMD has selected an appraiser or an appraisal firm for the assignment. Followings are the specific criteria that RMD uses in selecting appraisal firm and /or appraiser:

- Each selected appraisers is based on interview conducted by RMD, and approved by CAC that following the Branch's vendor onboarding process
- Each interview with appraisers should be supported by interview report which includes but not limited to appraiser's qualification, education, experience and competency in real estate appraisal, area of expertise, area of focus and coverage, major clients, and turnaround time.

4.6. Minimum Appraisal Standards

The Guidelines include the following minimum standards for the preparation of an appraisal.

- Conform to generally accepted appraisal standards as evidenced by Uniform Standards of Professional Appraisal Practices ("USPAP") promulgated by the Appraisal Standard Board of the Appraisal Foundation unless the safe and sound banking require compliance with stricter standards.

  Under the USPAP, the appraisal must contain a certification that the appraiser has complied with USPAP. The RMD may refer to the USPAP certification to confirm whether the appraiser or his firm is independent of the property and the transaction, as required by the Agencies' appraisal regulations.

- Be written and contain sufficient information and analysis to support the Branch's decision to engage in the transaction.

  Under the USPAP Scope of Work Rule, appraisers are responsible for establishing the scope of work to be performed in rendering an opinion of the property's market value and have three different reporting options available, (i.e. Restricted Use Appraisal Report, Self-contained Appraisal Report, and Summary Appraisal Report). However, it is RMD's responsibility to ensure that the scope of work is appropriate for the assignment. The appraiser's scope of work should be consistent with the valuation methodology employed for similar property types, market conditions, and transactions. The content and format of the appraisal report must contain sufficient information and analysis to support the Branch's' decision to engage in the transaction. The appraisal report should contain sufficient disclosure of the nature and extent of inspection and research performed to verify the property's condition and support the appraiser's opinion of market value. The result of an Automated Valuation Method (AVM) certified by an appraiser does not meet this standard and therefore it is the Branch's policy not to accept AVM as an appropriate valuation method for all its residential and commercial real estate transactions.

- Analyze and report appropriate deductions and discounts for proposed construction or renovation, partially leased buildings, non-market lease terms, and tract developments with unsold units.

  This standard is designed to avoid having appraisals prepared using unrealistic assumptions and inappropriate methods. An appraisal must include the market value of the property and should reflect the property condition in its actual physical condition, use, and zoning designation, as of the effective date of the appraisal.

  - For partially leased buildings, the appraiser must make appropriate deductions and discounts to include items such as leasing commission, rent losses, tenant improvements and entrepreneurial profit.

  - For non-market lease terms, the appraiser must make appropriate deductions and discounts, which should be based on stabilized occupancy at prevailing market terms.

  - For sales of attached or detached single family homes or of condominium buildings, the appraiser must make appropriate deductions and discounts to cover holding costs, marketing cost, and entrepreneurial profit during the sale absorption period of the completed units.

- Based upon the definition of market value set forth in the appraisal regulation:

  Each appraisal must contain an estimate of market value, as defined by the Agencies' appraisal regulations. The definition of market value assumes that the price is not affected by undue stimulus, which would allow the value of the real property to be increased by favorable financing or seller concession. Further, the market value should not include a going concern value or a special value to a specific property user. An appraisal may contain separate opinions of value for such item so long as they are clearly identified and disclosed.

  The estimate of market value should consider the real property's current physical condition, use and zoning as of the appraisal date. For partially leased building or non-market leased terms, the Branch may request an appraiser to provide the property's market value in its "as is" condition as of the appraisal's effective date and the property's "prospective" market value at the time stabilized occupancy is projected to be achieved. Prospective market value opinion should be based upon current and reasonably expected market conditions. When an appraisal includes prospective value opinion, there should be a point of reference to the market condition and time frame on which the appraiser based the analysis.

- For Commercial Real Estate ("CRE") Development Loans, appraisal report must include a prospective market value. The prospective market value upon completion ("as-complete") is an estimate of the property's market value as of the time that development is expected to be completed. A prospective market value upon stabilization ("as-stabilized") is an estimate of the property's market value as of the date the property is projected to achieve stabilized occupancy; 3rd party engineer report shall provide the assessment/opinion on adequacy of initial budget, retainage, and ongoing technical concerns.

- A valuation method that does not provide a property's market value or sufficient information and analysis to support the value conclusion is not acceptable as an evaluation. For example, a valuation method that provides a sales or list price, such as a broker price opinion, cannot be used as an evaluation because, among other things, it does not provide a property's market value. Likewise, information on local housing conditions and trends, such as a competitive market analysis, does not contain sufficient information on a specific property that is needed, and therefore, would not be acceptable as an evaluation. The information obtained from such sources, while insufficient as an evaluation, may be useful to develop an evaluation or appraisal.

- A valuation method should address the property's actual physical condition and characteristics as well as the economic and market conditions that affect the estimate of the collateral's market value. It would not be acceptable for the Branch to base an evaluation on unsupported assumptions, such as a property is in "average" condition, the zoning will change, or the property is not affected by adverse market conditions. The Branch should consider performing an inspection to ascertain the actual physical condition of the property and market factors that affect its market value. When an inspection is not performed, the Branch should be able to demonstrate how these property and market factors were determined.

- Be performed by state-certified or licensed appraisers in accordance with requirements set forth in the appraisal regulation.

For a given appraisal assignment, RMD shall consider an appraisal firm's expertise and its staff appraiser's education and experience. The RMD must confirm that the appraiser holds a valid credential from the appropriate state appraiser regulatory authority. When ordering appraisals, RMD should convey to the appraisal firm and /or its staff appraisers that the Agencies' minimum appraisal standards must be followed.

4.7. Appraisal Development

To ensure that an appraisal is appropriate for the intended use, RMD should discuss its needs and expectation for the appraisal with the appraisal firm and /or its staff appraisers. Such needs, expectations and scope of work required shall reflect in the Branch's engagement letter. The Branch shall not allow lower cost or the speed of delivery time to influence the appraiser's determination of an appropriate scope of works for an appraisal supporting the Branch's real estate transaction. The appraisal should include three approaches, i.e. cost, income and sales comparison, to analyze the value of a property, and should reconcile the results of each approach to estimate market value. An appraisal also should reflect an analysis of the property's sale history and an opinion as to the highest and best use of the property. The appraiser should also disclose whether or not the subject property was inspected and whether anyone provided significant assistance to the appraiser signing the appraisal report.

4.8. Appraisal Report

There are various reporting options that an appraiser may use to present the result of appraisals. However, considering the risk , size and complexity of the transaction and the real estate collateral, it is deemed that a reporting option that merely states , rather than summarizes or describe the content and information required in an appraisal report, may lack sufficient supporting information and analysis to explain the appraiser's opinion and conclusions. Therefore, such report will not be appropriate to support the Branch's real estate loan transaction. However, these less detailed reports may be appropriate for real estate collateral monitoring.

To support its credit decision for originating a real estate loan, the Branch shall only accept "Self Contained Appraisal Report", which contains sufficient detail to allow the Branch to understand the scope of the appraisal work performed, includes all significant data reported in comprehensive detail, and provides full disclosure of research and analysis performed, as well as disclosure of the research and analysis not performed together with the rationale for its omission.

4.9. Accepting an Appraisal from Another Institution

In principle, the Branch shall not accept an existing appraisal that was prepared by an appraiser engaged directly by another bank. A consideration can be given provided that there is a CAC approval process, and an independent review. The Branch shall order from its list of approved appraiser to conduct an independent review (irrespective of the loan amount) of the appraisal prepared by another institution. Furthermore, there must be documentation showing that the appraiser was engaged directly by another bank transferring the appraisal and had no direct, indirect or prospective interest, financial or otherwise, in the property or transaction. Under no circumstances, shall the Branch accept an appraisal that has been readdressed or altered by the appraiser with the intent to conceal the original client. Altering an appraisal report in a manner that conceals the original client or intended user of the appraisal is misleading and violates the Agencies appraisal regulations and USPAP.

4.10. Validity of Appraisals

The Branch may use an existing appraisal to support a subsequent transaction. However, the Branch should assess whether an existing appraisal remains valid and document in the credit file the facts and analysis that support its conclusion. Following factors that could cause changes to originally reported value should be thoroughly analyzed and properly documented:

- Passage of time;
- Volatility of the local market;
- Availability of financing;
- Inventory of competing properties;
- Improvement to the subject property or competing properties;
- Lack of maintenance of the subject or competing properties;
- Change of zoning;
- Environmental contamination;
- Changes in terms and availability of financing;
- Natural disasters;
- Limited or over supply of competing properties;
- Changes in underlying economic and market assumptions, such as capitalization rates and lease terms; and
- Changes in zoning, building materials, or technology.

4.11. Review Appraisals

Appraisals must contain sufficient information and analysis to support the Branch's decision to engage in a credit transaction. As part of the credit process, the Branch should assess the acceptability of the appraisal as well as compliance with the appraisal regulations and guidelines and the internal policy. This review should be performed prior to the final credit decision and ensure that the appraisal adequately supports approval of credit. RMD is responsible to perform the appraisal review using the standard review form together with additional verification that the methods, assumptions, data sources, and conclusions are reasonable and appropriate for particular transaction and property. For any mortgage loan in excess of $10 million, an independent party possessing the requisite education, expertise, and competence, shall be retained to perform a comprehensive appraisal review. For loan amount below $10 million, independent party review of the appraisal is at the discretion of RMD, particularly in connection with those loan transactions secured by complex or specialized properties, and properties outside the Branch's traditional lending market.

The content of the review should be documented in the credit file. This documentation may be presented in a checklist or narrative format as appropriate. If deficiencies are noted by the reviewer, they should be addressed by the person who prepared the appraisal or another qualified, independent person. The documentation should describe the resolution of any appraisal or evaluation deficiencies, including reasons for obtaining and relying on a second appraisal or second opinion of market value. The Branch shall not accept appraisals that do not adequately support the opinion of market value and should replace unreliable appraisal prior to final credit decision.

An appraisal review performed by a state-certified or licensed appraiser must comply with USPAP. Any changes to an appraisal's estimate of value are permitted only as a result of a review conducted by an appropriate qualified state-certified or licensed appraiser in accordance with USPAP.

All appraisers are subject to annual evaluation of the quality of their works as part of the renewal process.

4.12. Portfolio Monitoring and Updating Collateral Valuations

A new appraisal shall be obtained if there are changes in market conditions or deterioration in the credit since origination. Specifically, a new appraisal is required when the market value of the property has dropped by 20% or more from the original appraisal or no appraisal has been done during the past 5 years, whichever is the case. A new appraisal is always required for renewal or refinancing of an existing transaction. In the case of loan restructuring, where the terms and conditions of credit facilitate the orderly collection of the credit or reduce the Branch's credit risk, a new appraisal is prudent even if it occurs after the restructuring. A new appraisal should also be conducted in circumstances such as loan workouts, problem credits, or the useful life of the original appraisal has ended. A new appraisal would not be required when the Branches advances funds to protect its interest in a property, such as to repair damages, if these funds were advanced to restore the property to its original value. In addition, a new appraisal should be considered such as transactions involving: Loans with combined loan to value in excess of the supervisory loan to value limits; Atypical properties; Properties outside the Branch's traditional lending markets; Transactions involving existing extensions of credit with significant risk to the Branch; and Borrower with high risk characteristics.

A review of the real estate portfolio shall be conducted annually to identify loans that need to be appraised due to economic factors impacting the property, tenant quality, location, interest only, LTV, and dated appraisal that does not reflect current environment or appraiser who performed the original appraisal is no longer on the approved list of appraisers. Loans below $10 million are excluded from above to be appraised, provided they are not past due or the appraisal report is over 5 years old and any applicable conditions set forth in Section 4.10.

5. Policy Assurance Methods

5.1. Implementation Plan

Policy implementation is the responsibility of the first, second, and third lines of defense as outlined in the Policy Governance section and the RGF.

5.2. Awareness Methods

The Policy will be distributed to key stakeholders via email if there is any change. Each recipient will attest to his or her understanding of the Policy using an email response, which will be documented by the RMD and maintained by the ORD. The Policy will also be available in the BOCNY's Policy Library.

5.3. Training Methods

The CRO is responsible for establishing an environment where credit risk professionals have sufficient training and technical expertise. RMD, in partnership with Human Resources Department ("HRD"), will provide training on this Policy or as the RMD determines is necessary to promote full understanding of the Policy.

5.4. Policy Adherence Monitoring

Each applicable department head is responsible for monitoring and assessing the compliance of its procedures with this Policy. Internal Audit Department (IAD) will also perform periodic monitoring of compliance through its annual testing program.

5.5. Update Requirements

The Policy should be updated every three (3) years or more frequent if needed. RMD is responsible for taking a proactive role in ensuring this policy remains relevant and comprehensive. RMD is responsible for monitor internal and external circumstances to determine if and when a policy update may be required in accordance with the Branch's Policy on Policies and Procedures.

RMD should communicate with counterparts to ensure that this Policy appropriately considers emerging risks in other risk disciplines, which may impact this Policy. This communication may take place through attendance at working groups, meetings, and through other informal means of communication.

5.6. Consequences of Violating the Policy

Failure to comply with this Policy will be escalated to the CRO and in certain circumstances to the USRMC, which will consider appropriate remedial action. Violations of the Policy are grounds for disciplinary action, adapted to the circumstances of the particular violation and having as a primary objective furtherance of BOCNY's interest in preventing violations and making clear that violations are neither tolerated nor condoned.

5.7. Exceptions & Exemptions

No exceptions are allowed.

6. Reference Information

6.1. External Regulations

- OCC Guidelines Establishing Heightened Standards (12 CFR part 30)
- Interagency Appraisal and Evaluation Guidelines OCC 2010-42 (December 10, 2010)
- OCC Commercial Real Estate Lending Handbook (August 2013)

6.2. Glossary

Term	Definition
CHB	Chicago Branch
CAC	Credit Approval Committee
CRC	Credit Risk Committee
CRR	Credit Recommendation Report
CRE	Commercial Real Estate
CRO	Chief Risk Officer
FLU	Front Line Unit
HRD	Human Resource Department
IAD	Internal Audit Department
IRM	Independent Risk Management
LAB	Los Angeles Branch
NYB	New York Branch

QNB	Queens Branch
RGF	Risk Governance Framework
RMD	Risk Management Department
RMICC	Risk Management and Internal Control Committee
USPAP	Uniform Standards of Professional Appraisal Practices