



Rankings Announcement

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Morningstar Credit Ratings, LLC Assigns MOR RV2 Residential Vendor Ranking to Clarocity Inc. as a Residential Vendor for Asset Valuation

Nov. 9, 2016—Morningstar Credit Ratings, LLC today assigned its MOR RV2 residential vendor ranking to Clarocity Inc. (Clarocity), a wholly-owned subsidiary of Clarocity Corporation Canada, as a residential vendor in the asset valuation market. Morningstar's forecast for the ranking is Stable.

Founded in 2011 and based in Carlsbad, California, Clarocity provides a full suite of next-generation broker price opinion (BPO) and alternative appraisal products that leverage the company's proprietary platform as a service (PaaS) technology that provides enhanced workflow, integrated data-driven vendor forms, and a dashboard with real-time analytics and robust reporting capabilities.

In August 2016, Clarocity acquired Valued Veterans, LLC (ValVets), an appraisal management company headquartered in Lenexa, Kansas. Clarocity and ValVets together provide a full suite of valuation products encompassing BPOs and traditional and next-generation appraisals, such as their proprietary Market Value Pro (MVP) appraisal.

It is expected that both companies will combine training programs and continuing-education offerings and leverage other synergies post-transition in the coming months where applicable. An effective corporate-governance initiative monitors ValVets' compliance with appraisal-independence requirements and the customary and reasonable fee provisions contained in the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. Clarocity's acquisition of ValVets provides an expanded geographic footprint that will enable the company to further enhance its disaster-recovery and business-continuity plan by incorporating operational redundancy among its two office locations.

The combined companies have effective vendor-management oversight in place for assessing vendor performance. Clarocity has developed vendor-selection criteria and scorecards that effectively measure agent performance, as reflected in the execution of service-level agreements with its customers. The

company's agile proprietary technology platform embeds comprehensive quality-assurance standards in work orders received from agents as well as provides clients with an expedited report turnaround time and low revision rate. A comprehensive multilevel quality-assurance program is in place that measures and tracks vendor performance as well as assesses internal quality-control effectiveness via scorecards, senior appraiser-level reviews, and various production reports that are reviewed by operations and executive management.

To access Morningstar's operational risk assessments methodology and all published reports, please visit www.morningstarcreditratings.com.

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