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# How to Review an Appraisal

The book designed to help you better evaluate  
the URARs that come across your desk

## How to review a Residential Appraisal

Evaluating a residential appraisal is an important step in the loan process. Facts, figures, value estimates, property types, location, guidelines and forms all require your close attention. But it goes beyond that, for evaluating an appraisal is not an exact science. You need to use your experience, expertise and good judgment to evaluate and confirm that the property value is supported. In other words, evaluating an appraisal is an art. This booklet will help guide you in this process.

An appraisal report describes a property and estimates its value. The value estimates of the appraisal must be derived from logical appraisal methods that consistently reflect the property's condition and characteristics.

There are a variety of appraisal reports for the various types of properties. This booklet focuses on the most commonly used appraisal form, the Uniform Residential Appraisal Report (URAR – Form 1004/Form 70), used to appraise one-unit properties (including an

individual unit in a PUD project) based on an interior and exterior property inspection. This does not include manufactured homes or condominiums, which have their own forms — see the next page for a list of appraisal forms for properties outside the URAR's definition.

Regardless of the form used, the purpose is the same: to substantiate the value of a property. For this reason, a thorough, accurate appraisal report is an essential part of the mortgage loan package.

### **This booklet is designed to help you better evaluate the URARs that come across your desk.**

It contains typical secondary market guidelines and cautionary items that will help you identify potential problems within an appraisal. By addressing these problems early in the loan process, you'll save time for yourself and your borrower.

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The information presented in these training materials is based on guidelines and practices accepted within the mortgage finance industry generally and is not intended to be all-inclusive. All examples are hypothetical and for illustrative purposes only. Investor requirements change from time to time and their application is subject to interpretation. Therefore, we cannot and do not guarantee how any specific investor guidelines will be applied to individual circumstances. Our training is not intended and should not be interpreted or relied upon as legal advice. We encourage you to seek legal and compliance advice from a qualified professional.

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## Other Available Agency Appraisal Report Forms

**Exterior-Only Inspection Residential Appraisal Report (Form 2055)** for an appraisal of a one-unit property (including an individual unit in a PUD project) based on an exterior-only property inspection.

**Manufactured Home Appraisal Report (Form 1004C/70B)** for an appraisal of a one-unit manufactured home (including a manufactured home in a PUD, condominium or cooperative project) based on an interior and exterior property inspection.

**Individual Condominium Unit Appraisal Report (Form 1073/465)** for an appraisal of an individual condominium unit based on an interior and exterior property inspection.

**Exterior-Only Inspection Individual Condominium Unit Appraisal Report (Form 1075/466)** for an appraisal of an individual condominium unit based on an exterior-only property inspection.

**Individual Cooperative Interest Appraisal Report (Form 2090)** for an appraisal of an individual cooperative unit based on an interior and exterior property inspection.

**Exterior-Only Individual Cooperative Interest Appraisal Report (Form 2095)** for an appraisal of an individual cooperative unit based on an exterior-only property inspection.

**Small Residential Income Property Appraisal Report (Form 1025/72)** for an appraisal of a two- to four-unit property (including a two- to four-unit property in a PUD, condominium or cooperative project) based on an interior and exterior property inspection.

**Appraisal Update and/or Completion Report (Form 1004D/442)** provides an accurate update of a prior appraisal and/or reports a certification.

**One-Unit Residential Appraisal Desk Review Report (Form 1033)** provides an opinion on the accuracy of the appraisal report under review.

**One-Unit Residential Appraisal Field Review Report (Form 2000/1032)** provides an opinion on the accuracy of the appraisal report under review.

**Two- to Four-Unit Residential Appraisal Field Review Report (Form 2000A/1072)** provides an opinion on the accuracy of the appraisal report under review.

## The Uniform Residential Appraisal Report

Appraisers establish the value of a property based upon their opinion of a property's condition, quality and appeal, as it relates to the market. As you examine a Uniform Residential Appraisal Report (URAR), you should expect that negative comments, as well as any items out of the ordinary, are fully explained.

### Cautionary Items:

Cautionary items to keep an eye out for on a URAR have been underlined within the text. For example, as you review an appraisal:

- The information on the front of the form should be consistent with the back.
- Unusual situations should be explained by the appraiser.
- Photographs should show that the subject property is similar to the comparables.

Appraisers must follow specific guidelines when appraising a home. When you review the URAR, make certain the appraiser has adhered to the following guidelines.

**If you have any questions about these appraisal guidelines and cautionary items, please contact your MGIC Underwriting Service Center. We're happy to help.**

# The Uniform Residential Appraisal Report, Page 1

## Property Description and Analysis

Cautionary items have been underlined within the text.

Uniform Residential Appraisal Report				File No. 1 Hill Court	
The purpose of this summary appraisal report is to provide the lender/client with an accurate, and adequately supported, opinion of the market value of the subject property.					
Property Address 1 Hill Court		City Anytown		State US Zip Code 12345	
Borrower Mr. and Mrs. Homeowner		Owner of Public Record Mr. and Mrs. Seller		County Scenic	
Legal Description Lot 7, River Bend PUD					
Assessor's Parcel # 98-765-432-000		Tax Year 20XX		R.E. Taxes \$ 5,250	
Neighborhood Name River Bend		Map Reference Anytown		Census Tract 137.40	
Occupant <input checked="" type="checkbox"/> Owner <input type="checkbox"/> Tenant <input type="checkbox"/> Vacant		Special Assessments \$ 0		<input checked="" type="checkbox"/> PUD HOA \$ 200 <input checked="" type="checkbox"/> per year <input type="checkbox"/> per month	
Property Rights Appraised <input checked="" type="checkbox"/> Fee Simple <input type="checkbox"/> Leasehold <input type="checkbox"/> Other (describe)					
Assignment Type <input checked="" type="checkbox"/> Purchase Transaction <input type="checkbox"/> Refinance Transaction <input type="checkbox"/> Other (describe)					
Lender/Client ABC Financial Address 1512 Financial Street, Anytown, US 12345					
Is the subject property currently offered for sale or has it been offered for sale in the twelve months prior to the effective date of this appraisal? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No					
Report data source(s) used, offering price(s), and date(s). <u>DOM 76; OLP \$435,000; originally offered for sale on 6/17/XX; it was listed under MLS #123456.</u>					
I <input checked="" type="checkbox"/> did <input type="checkbox"/> did not analyze the contract for sale for the subject purchase transaction. Explain the results of the analysis of the contract for sale or why the analysis was not performed. <u>Arms length sale; the contract between the buyer and seller was reviewed. There are no conditions or stipulations that are not typical of the market or would impact the negotiated price.</u>					
Contract Price \$ 430,000		Date of Contract 08/19/20XX		Is the property seller the owner of public record? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Data Source(s) County Recorder	
Is there any financial assistance (loan charges, sale concessions, gift or downpayment assistance, etc.) to be paid by any party on behalf of the borrower? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes, report the total dollar amount and describe the items to be paid. <u>\$0; No financial assistance provided.</u>					
<b>Note: Race and the racial composition of the neighborhood are not appraisal factors.</b>					
Neighborhood Characteristics		One-Unit Housing Trends		H I	
Location <input type="checkbox"/> Urban <input checked="" type="checkbox"/> Suburban <input type="checkbox"/> Rural		E Property Values <input type="checkbox"/> Increasing <input checked="" type="checkbox"/> Stable <input type="checkbox"/> Declining		PRICE AGE One-Unit 75 %	
Built-Up <input type="checkbox"/> Over 75% <input checked="" type="checkbox"/> 25-75% <input type="checkbox"/> Under 25%		F Demand/Supply <input type="checkbox"/> Shortage <input checked="" type="checkbox"/> In Balance <input type="checkbox"/> Over Supply		\$(000) (yrs) 2-4 Unit 3 %	
Growth <input type="checkbox"/> Rapid <input checked="" type="checkbox"/> Stable <input type="checkbox"/> Slow		G Marketing Time <input type="checkbox"/> Under 3 mths <input checked="" type="checkbox"/> 3-6 mths <input type="checkbox"/> Over 6 mths		250 Low 0 Multi-Family 0 %	
Neighborhood Boundaries <u>Highland Rd. on North; Morgan Rd. on South; Washington River on East; Sheridan Rd. on West.</u>		600 High 40 Commercial 2 %		450 Pred. 25 Other Vacant 20 %	
Neighborhood Description <u>The subject property is in a residential neighborhood of homes similar in construction, condition, design and amenities. The area is desirable due to its larger lots. The neighborhood has good access to all necessary supporting facilities. No adverse factors were noted that would affect marketability.</u>					
Market Conditions (including support for the above conclusions) <u>Market data for the area indicates that property values are stable. Supply and demand appear to be in balance. Interest rates remain favorable. Typical seller concessions have no effect on property values.</u>					

### Subject

**A ▶ Property Rights** – If property is subject to a lease, it must be determined whether the leasehold is the norm for the market. If not, effect on marketability must be fully explained.

**B ▶ Offering for Sale** – If the subject is currently for sale or has been offered for sale in the previous 12 months, information on data source, prices and dates must be provided.

### Contract

**C ▶ Price** – Contract price, date and sale type (e.g., Non-Arms Length Sale, Short Sale, etc.) must be provided. An analysis of the contract for any unusual conditions of the sale must be completed and addressed, for example, if the sale type is Non-Arms Length, the appraiser needs to address whether the property seller was a family member, employer, etc.

### Neighborhood

**D ▶ Property Location** – Rural properties may require additional analysis due to lack of available comparables and limited utilities and services.

**E ▶ Property Values** – A property located in a neighborhood or general market area with declining property values represents a higher, possibly unacceptable risk because of the potential for a loss in borrower equity.

**F ▶ Demand / Supply (Marketability)** – A neighborhood with an oversupply of housing units may reflect problems with marketability.

**G ▶ Marketing Time** for similar properties should be less than six months. Slow real estate markets may reduce borrower equity and weaken a borrower's motivation to cure a default.

**H ▶ Predominant Value** – Homes that fall outside the neighborhood price range or that are at the extreme high or low end of the range can be higher-risk properties. Example: A property valued at 90% or more of the highest property value in the neighborhood usually suffers from over-improvement and longer marketing times. Valuations at the extreme ends of the range should be thoroughly explained by the appraiser.

**I ▶ Present Land Use %** – Noncompatible land use – for example, a high percentage of commercial land usage – could negatively affect marketability; a strong residential base is important to overall neighborhood desirability.

L  
M  
O  
P  
Q  
R  
Q

Dimensions	See Plat Map	Area	1.25 ac	Shape	Irregular	View	B; Woods;
Specific Zoning Classification	R-3	Zoning Description	Single unit/Residential				
Zoning Compliance	<input checked="" type="checkbox"/> Legal	<input type="checkbox"/> Legal Nonconforming (Grandfathered Use)	<input type="checkbox"/> No Zoning	<input type="checkbox"/> Illegal (describe)			
Is the highest and best use of the subject property as improved (or as proposed per plans and specifications) the present use? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If No, describe. <b>Given present zoning and demand, highest and best use is limited to single unit and the present use is the most practical use.</b>							
Utilities	Public	Other (describe)		Public	Other (describe)		N Off-site Improvements—Type
Electricity	<input checked="" type="checkbox"/>			Water	<input checked="" type="checkbox"/>		
Gas	<input checked="" type="checkbox"/>			Sanitary Sewer	<input checked="" type="checkbox"/>		
FEMA Special Flood Hazard Area <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				FEMA Flood Zone	X	FEMA Map #	372C246E
Are the utilities and off-site improvements typical for the market area? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No				If No, describe.			
Are there any adverse site conditions or external factors (easements, encroachments, environmental conditions, land uses, etc.)? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes, describe. <b>The subject site slopes gently to the rear, which is heavily wooded. Normal utilities and easements. No survey was provided, but there appears to be no adverse encroachments or conditions.</b>							
GENERAL DESCRIPTION		FOUNDATION		EXTERIOR DESCRIPTION		INTERIOR	
Units	<input checked="" type="checkbox"/> One <input type="checkbox"/> One with Accessory Unit	<input type="checkbox"/> Concrete Slab	<input type="checkbox"/> Crawl Space	Foundation Walls	Conc Bl/Avg	Floors	Cpt&HW/Avg
# of Stories	2	<input checked="" type="checkbox"/> Full Basement	<input type="checkbox"/> Partial Basement	Exterior Walls	Wood/Avg	Walls	Drywall/Avg
Type	<input checked="" type="checkbox"/> Det. <input type="checkbox"/> Att. <input type="checkbox"/> S-Det./End Unit	Basement Area	1347 sq. ft.	Roof Surface	Cmp shgl/Avg	Trim/Finish	Wood/Avg
<input checked="" type="checkbox"/> Existing <input type="checkbox"/> Proposed <input type="checkbox"/> Under Const.		Basement Finish	0 %	Gutters & Downspouts	Alum/Avg	Bath Floor	Tile/Avg
Design (Style)	Colonial	<input type="checkbox"/> Outside Entry/Exit	<input checked="" type="checkbox"/> Sump Pump	Window Type	Alum DH/Avg	Bath Wainscot	Tile/Avg
Year Built	1986	Evidence of <input type="checkbox"/> Infestation		Storm Sash/Insulated	Combo/Avg	Car Storage	<input type="checkbox"/> None
Effective Age (Yrs)	15	<input type="checkbox"/> Dampness <input type="checkbox"/> Settlement		Screens	Yes/Avg	<input checked="" type="checkbox"/> Driveway	# of Cars 2
Attic	<input type="checkbox"/> None	Heating	<input checked="" type="checkbox"/> FWA <input type="checkbox"/> HWBB <input type="checkbox"/> Radiant	Amenities	<input type="checkbox"/> WoodStove(s) #0	Driveway Surface	Concrete
<input checked="" type="checkbox"/> Drop Stair	<input type="checkbox"/> Stairs	<input type="checkbox"/> Other	Fuel Gas	<input checked="" type="checkbox"/> Fireplace(s) # 1	<input type="checkbox"/> Fence None	<input checked="" type="checkbox"/> Garage	# of Cars 2
<input type="checkbox"/> Floor	<input checked="" type="checkbox"/> Scuttle	Cooling	<input checked="" type="checkbox"/> Central Air Conditioning	<input checked="" type="checkbox"/> Patio/Deck Deck	<input type="checkbox"/> Porch None	<input type="checkbox"/> Carport	# of Cars 0
<input type="checkbox"/> Finished	<input type="checkbox"/> Heated	<input type="checkbox"/> Individual	<input type="checkbox"/> Other	<input type="checkbox"/> Pool None	<input checked="" type="checkbox"/> Other Shed	<input checked="" type="checkbox"/> Att.	<input type="checkbox"/> Det. <input type="checkbox"/> Built-in
Appliances	<input checked="" type="checkbox"/> Refrigerator <input checked="" type="checkbox"/> Range/Oven <input checked="" type="checkbox"/> Dishwasher <input checked="" type="checkbox"/> Disposal <input checked="" type="checkbox"/> Microwave	<input type="checkbox"/> Washer/Dryer <input type="checkbox"/> Other (describe)					
Finished area above grade contains:	8 Rooms	4 Bedrooms	2.1 Bath(s)	2,571	Square Feet of Gross Living Area Above Grade		
Additional features (special energy efficient items, etc.). <b>New kitchen; two tone cabinets, solid surface counter tops and SS appliances; beamed ceilings, built-in book shelves and cabinets in LR; trey ceiling in MBR; large tub, shower and vanity area in master bath; rear deck.</b>							
Describe the condition of the property (including needed repairs, deterioration, renovations, remodeling, etc.). <b>C2; Kitchen-remodeled-one to five years ago; Bathrooms-remodeled-one to five years ago; Overall condition is acceptable and consistent with that typically found in a well-maintained, remodeled home. The subject improvements appear to be properly constructed of materials and finish that are acceptable in this market and price range. No "needed repairs" of significance were noted, although it is possible that some may exist, especially if they were not readily visible to the appraiser.</b>							
Are there any physical deficiencies or adverse conditions that affect the livability, soundness, or structural integrity of the property? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes, describe. <b>While no physical deficiencies or adverse conditions that affect livability, soundness or structural integrity were noted, such items are generally beyond the expertise of the appraiser. Issues of soundness and structural integrity are often related to areas that are hidden from the appraiser's view. See limiting condition #5 and comments on page three related to appraiser's definition of "complete visual inspection."</b>							
Does the property generally conform to the neighborhood (functional utility, style, condition, use, construction, etc.)? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If No, describe. <b>Functional utility is acceptable, with adequately sized rooms, ample closet space and an efficient layout.</b>							

After you've examined the report, review the Property Analysis Summary in the back of this booklet (page 29).

**J ► Neighborhood Comments** should be specific to the subject neighborhood. Economic, governmental and environmental forces that influence property values should be described. Analysis could include economic trends, locational influences and neighborhood amenities.

**K ► Market Conditions** and trends should be supported by statistical information.

**Site**

**L ► Zoning Compliance** – Property may be zoned “residential.” Highest and best use as improved should be the present use. Nonresidential zoning may indicate adverse influences requiring explanation. Present improvements should conform to zoning regulations.

**M ► Utilities** – Source and type of all utilities should be identified. Utilities that are abnormal for the area may cause the property to be high-risk.

**N ► Off-site Improvements – Private road** maintenance should be identified, with further explanation if the condition or adequacy of a private road is not normal or typical.

**O ► Drainage / Flood Hazard** – Any drainage problem or the existence of a flood hazard condition should be questioned. Such conditions or major problems may require physical correction or flood hazard insurance.

**P ► Adverse Site Conditions** – Adverse site conditions that may affect the value or marketability of the property can be cause for concern, such as floods, easements, encroachments, environmental conditions, land uses or adverse view (e.g., industrial view or power lines, etc.).

**Improvements**

**Q ► Improvements** – Look for physical features most like similarly-sized dwellings in the market area. If characteristics are not similar — a room list that is atypical for the market or heating that is unusual or not in good condition, for example — they may affect market appeal.

**R ► Condition of Improvements** – If the condition rating (C1-C6) indicates the presence of incurable structural factors that decrease value, it may cause the property to be unacceptable. Curable structural problems may be approved under certain conditions when properly justified. See condition rating definitions on page 18.

# The Uniform Residential Appraisal Report, Page 2

## The Valuation Process

Cautionary items have been underlined within the text.

### — Sales Comparison Approach —

**A ▶ Listing and Sales Data** – Information on current comparable listings and sales in the subject neighborhood needs to be provided.

**B ▶ Comparable Sales** – A minimum of three closed comparables are required for the market value analysis. If three are not available, appraiser to address. Comparables should be similar to the subject property.

**C ▶ Location of Comparables** – The three required comparables should be located within a reasonable distance of the appraised property or be fully explained.

**D ▶ Source of Comparables** – No more than one of the three required comparables may be supplied by the lender or developer from his/her own files, unless justified by the appraiser.

**E ▶ Sales and Financing Concessions** – A sales concession is usually a chattel item, such as a riding lawn mower, that is included by the seller to induce the sale. Deduct the value of the item from the sales price and appraised value if it has not been deducted by the appraiser.

A financing concession is usually an interest rate buydown or payment supplement provided by the seller. The appraiser should adjust for seller-paid contributions and subsidies.

Where seller contributions exceed the limits set forth above, the excess is treated as a sales concession. The excess amount will be deducted from both the purchase price and the appraised value.

**F ▶ Comparable Sales vs Listings** – All three comparables must be closed sales rather than open listings, accepted offers or contracts. As alternatives, listings, offers and contracts can help support value; however, they may not accurately reflect market value, since the details of the transaction could change prior to closing.

Uniform Residential Appraisal Report										File No. 1 Hill Court																																																																																																																																																																																																																																																																																																																													
There are <u>27</u> comparable properties currently offered for sale in the subject neighborhood ranging in price from \$ <u>250,000</u> to \$ <u>600,000</u>																																																																																																																																																																																																																																																																																																																																							
There are <u>20</u> comparable sales in the subject neighborhood within the past twelve months ranging in sale price from \$ <u>250,000</u> to \$ <u>500,000</u>																																																																																																																																																																																																																																																																																																																																							
<table border="1"> <thead> <tr> <th>FEATURE</th> <th>SUBJECT</th> <th colspan="3">COMPARABLE SALE NO. 1</th> <th colspan="3">COMPARABLE SALE NO. 2</th> <th colspan="3">COMPARABLE SALE NO. 3</th> </tr> </thead> <tbody> <tr> <td>1 Hill Court</td> <td></td> <td colspan="3">680 Independence Lane</td> <td colspan="3">243 Apple Lane</td> <td colspan="3">814 Lafayette Place</td> </tr> <tr> <td>Address</td> <td>Anytown, US 12345</td> <td colspan="3">Anytown, US 12345</td> <td colspan="3">Anytown, US 12345</td> <td colspan="3">Anytown, US 12345</td> </tr> <tr> <td>Proximity to Subject</td> <td></td> <td colspan="3">0.25 miles W</td> <td colspan="3">1.25 miles SE</td> <td colspan="3">1.25 miles SE</td> </tr> <tr> <td>Sale Price</td> <td>\$ <u>430,000</u></td> <td></td> <td>\$ <u>425,000</u></td> <td></td> <td>\$ <u>415,000</u></td> <td></td> <td>\$ <u>435,000</u></td> <td></td> <td></td> </tr> <tr> <td>Sale Price/Gross Liv. Area</td> <td>\$ <u>167.25</u> sq. ft.</td> <td>\$ <u>162.83</u> sq. ft.</td> <td></td> <td>\$ <u>161.74</u> sq. ft.</td> <td></td> <td>\$ <u>162.62</u> sq. ft.</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Data Source(s)</td> <td></td> <td colspan="3">MLS #723369;DOM 80</td> <td colspan="3">MLS #724740;DOM 92</td> <td colspan="3">MLS #755130;DOM 102</td> </tr> <tr> <td>Verification Source(s)</td> <td></td> <td colspan="3">Assessor Records</td> <td colspan="3">Assessor Records</td> <td colspan="3">Assessor Records</td> </tr> <tr> <td>VALUE ADJUSTMENTS</td> <td>DESCRIPTION</td> <td>DESCRIPTION</td> <td>G+(-) \$ Adjustment</td> <td>DESCRIPTION</td> <td>G+(-) \$ Adjustment</td> <td>DESCRIPTION</td> <td>G+(-) \$ Adjustment</td> <td></td> <td></td> </tr> <tr> <td>Sale or Financing Concessions</td> <td></td> <td>ArmLth Conv;0</td> <td>0</td> <td>ArmLth FHA;0</td> <td>0</td> <td>ArmLth Conv;4000</td> <td>-4,000</td> <td></td> <td></td> </tr> <tr> <td>Date of Sale/Time</td> <td></td> <td>s06/XX;c04/XX</td> <td>0</td> <td>s07/XX;c05/XX</td> <td>0</td> <td>s08/XX;c06/XX</td> <td>0</td> <td></td> <td></td> </tr> <tr> <td>Location</td> <td>N;Res;</td> <td>N;Res;</td> <td></td> <td>N;Res;</td> <td></td> <td>N;Res;</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Leasehold/Fee Simple</td> <td>Fee Simple</td> <td>Fee Simple</td> <td></td> <td>Fee Simple</td> <td></td> <td>Fee Simple</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Site</td> <td>1.25 ac</td> <td>34848 sf</td> <td>5,000</td> <td>1.1 ac</td> <td>0</td> <td>40075 sf</td> <td>0</td> <td></td> <td></td> </tr> <tr> <td>View</td> <td>B;Woods;</td> <td>N;Res;</td> <td>5,000</td> <td>N;Res;</td> <td>5,000</td> <td>B;Woods;</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Design (Style)</td> <td>DT2;Colonial</td> <td>DT2;Colonial</td> <td></td> <td>DT2;Colonial</td> <td></td> <td>DT2;Colonial</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Quality of Construction</td> <td>Q3</td> <td>Q3</td> <td></td> <td>Q3</td> <td></td> <td>Q3</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Actual Age</td> <td>32</td> <td>31</td> <td>0</td> <td>33</td> <td>0</td> <td>31</td> <td>0</td> <td></td> <td></td> </tr> <tr> <td>Condition</td> <td>C2</td> <td>C2</td> <td></td> <td>C3</td> <td>6,000</td> <td>C2</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Above Grade Room Count</td> <td>Total Bdrms. Baths 8 4 2.1</td> <td>Total Bdrms. Baths 8 3 2.1</td> <td>0</td> <td>Total Bdrms. Baths 8 4 2.1</td> <td></td> <td>Total Bdrms. 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Area	\$ <u>167.25</u> sq. ft.	\$ <u>162.83</u> sq. ft.		\$ <u>161.74</u> sq. ft.		\$ <u>162.62</u> sq. ft.				Data Source(s)		MLS #723369;DOM 80			MLS #724740;DOM 92			MLS #755130;DOM 102			Verification Source(s)		Assessor Records			Assessor Records			Assessor Records			VALUE ADJUSTMENTS	DESCRIPTION	DESCRIPTION	G+(-) \$ Adjustment	DESCRIPTION	G+(-) \$ Adjustment	DESCRIPTION	G+(-) \$ Adjustment			Sale or Financing Concessions		ArmLth Conv;0	0	ArmLth FHA;0	0	ArmLth Conv;4000	-4,000			Date of Sale/Time		s06/XX;c04/XX	0	s07/XX;c05/XX	0	s08/XX;c06/XX	0			Location	N;Res;	N;Res;		N;Res;		N;Res;				Leasehold/Fee Simple	Fee Simple	Fee Simple		Fee Simple		Fee Simple				Site	1.25 ac	34848 sf	5,000	1.1 ac	0	40075 sf	0			View	B;Woods;	N;Res;	5,000	N;Res;	5,000	B;Woods;				Design (Style)	DT2;Colonial	DT2;Colonial		DT2;Colonial		DT2;Colonial				Quality of Construction	Q3	Q3		Q3		Q3				Actual Age	32	31	0	33	0	31	0			Condition	C2	C2		C3	6,000	C2				Above Grade Room Count	Total Bdrms. 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I  did  did not research the sale or transfer history of the subject property and comparable sales. If not, explain \_\_\_\_\_

My research  did  did not reveal any prior sales or transfers of the subject property for the three years prior to the effective date of this appraisal.

Data source(s) **MLS and County records**

My research  did  did not reveal any prior sales or transfers of the comparable sales for the year prior to the date of sale of the comparable sale.

Data source(s) **MLS and County records**

Report the results of the research and analysis of the prior sale or transfer history of the subject property and comparable sales (report additional prior sales on page 3).

ITEM	SUBJECT	COMPARABLE SALE NO. 1	COMPARABLE SALE NO. 2	COMPARABLE SALE NO. 3
Date of Prior Sale/Transfer	06/01/20XX	10/01/20XX		
Price of Prior Sale/Transfer	\$387,000	\$403,500		
Data Source(s)	MLS, Tax Records	MLS, Tax Records	MLS, Tax Records	MLS, Tax Records
Effective Date of Data Source(s)	09/01/20XX	09/01/20XX	09/01/20XX	09/01/20XX

Analysis of prior sale or transfer history of the subject property and comparable sales **The subject property last sold 3 years ago for \$387,000. Per the listing Realtor the transaction was arms length after the property was on the market for 45 days. Sale 1 sold in the prior 12 months and sales 2 and 3 have not transferred in the prior 1 year.**

Summary of Sales Comparison Approach. **All of the comparables sales are located within the subject's immediate market area. Adjustments were necessary for site, view, condition, GLA, bathroom, energy efficient items and exterior features. Comparable 2 has inferior updates to the subject. Sales 1 & 2 received view adjustments due to subject's superior wooded view. Sale 1 is in closest proximity, however on a smaller lot size. Adjustments for differences in GLA of greater than 50 feet were made. Sale 3 has superior bath amenity and new energy efficient windows. Sales received adjustments for the subject's garden shed and/or superior deck. The market does not recognize a functional difference between a 3 or 4 bedroom home. Sale 1 provided the least amount of adjustments and is most similar in GLA. Sale 2 is most similar in lot size. Sale 3 is the most recent sale and is similar in lot size and GLA.**

Indicated Value by Sales Comparison Approach \$ **430,000**

Indicated Value by: **Sales Comparison Approach \$430,000** Cost Approach (if developed) \$ **430,000** Income Approach (if developed) \$ **0**

**The high quality of the data used in the sales comparison approach demonstrates its viability as the best value indicator, with the cost approach in a strong supporting role. As indicated on page three, the income approach to value was not developed.**

This appraisal is made  "as is,"  subject to completion per plans and specifications on the basis of a hypothetical condition that the improvements have been completed,  subject to the following repairs or alterations on the basis of a hypothetical condition that the repairs or alterations have been completed, or  subject to the following required inspection based on the extraordinary assumption that the condition or deficiency does not require alteration or repair: \_\_\_\_\_

**Based on a complete visual inspection of the interior and exterior areas of the subject property, defined scope of work, statement of assumptions and limiting conditions, and appraiser's certification, my (our) opinion of the market value, as defined, of the real property that is the subject of this report is \$ **430,000** as of **09/01/20XX**, which is the date of inspection and the effective date of this appraisal.**

**G ▶ Adjustments** must be logical. The size of the adjustments indicates the extent of differences between the comparables and the subject property. Large adjustments should be fully explained. Beware of large adjustments for site/view, design and appeal, quality of construction (Q1-Q6), age or condition (C1-C6). Appropriate comments and adjustments should support the ratings.

Adjustments must be consistent for all comparables. In general, the total gross adjustments should not exceed 25% of the sales price and the total net adjustments should not exceed 15%. Excessive adjustments should be typical for the market and commented on by the appraiser.

One-directional adjustments need further explanation. Property value may be inflated when all of the comparables are significantly superior or inferior to the subject property. When all of the adjustments are positive or all are negative, the valuation may be in question.

If a feature/aspect of the subject property differs from that of a comparable property, and the appraiser determines no adjustment is warranted, the appraiser enters zero (0) in the adjustment line to indicate the difference was considered and no adjustment should be made.

**H ▶ Personal Property / Options** – Furniture, fixtures and other personal property cannot be included in the market value of a property. Additional builder options on newly constructed properties should be reviewed carefully. For example, if the subject has \$5,000 in options, such as upgraded wall coverings, carpeting and built-ins, the appraiser must be careful that the costs of these items are truly reflected in the resale market. Often the options do not recapture dollar-for-dollar cost in market value. At least one comparable sale should have options or extras similar to the subject's.

**I ▶ Prior Sales / Listing Activity** – Appraiser must identify and describe prior sales and listing activity for the last 36 months for the subject and the last 12 months for the comparables. Adverse value trends need to be identified and explained.

**Reconciliation**

**J ▶ Certification of Appraisal and Final Value** – Appraisals with an effective date older than 120 days but within 12 months of the note date must be recertified for current value. This time frame may vary; check your investor guidelines. The final value must be reflective of the most reliable sales data, not an average of the three comparables.

After you've examined the report, review the Property Analysis Summary in the back of this booklet (page 29).

# The Uniform Residential Appraisal Report, Page 3

## The Valuation Process

Cautionary items have been underlined within the text.

Additional Comments  
Review additional comments for any cautionary items that may affect the value or marketability of the subject property.

### Uniform Residential Appraisal Report

File No. 1 Hill Court

<b>ADDITIONAL COMMENTS</b>	Clarification of Intended Use and Intended User: The Intended User of this appraisal report is the Lender/Client. The Intended Use is to evaluate the property that is the subject of this appraisal for a mortgage finance transaction, subject to the stated Scope of Work, purpose of the appraisal, reporting requirements of this appraisal report form, and Definition of Market Value. No additional Intended Users are identified by the appraiser.
	Clarification of the term "complete visual inspection": Certification #2 on page 5 of this report states that the appraiser has performed a "complete visual inspection" of the property. It should be understood that the "complete visual inspection" was performed within the context of the intended use and intended user identified on page 4 and clarified above. That is, the appraiser's inspection of the property is for valuation purposes only and is strictly for the purpose of assisting the lender/client (and only the lender/client) in evaluating the property for a mortgage finance transaction.
	The appraiser's inspection of the property was limited to what was readily observable without moving furniture, floor coverings or personal property. Unless otherwise stated, the appraiser did not view attics, crawlspaces or any other area that would involve the use of ladders or special equipment. The appraiser's viewing of the property was limited to surface areas only and can often be compromised by landscaping, placement of personal property or even weather conditions. Most importantly, the appraiser's inspection of the property is far different from and much less intensive than the type of inspections performed to discover property defects. The appraiser is not a home inspector, building contractor, pest control specialist or structural engineer. An appraisal is not a substitute for a home inspection or an inspection by a qualified expert in determining issues such as, but not limited to, foundation settlement or stability, moisture problems, wood destroying (or other) insects, rodents or pests, radon gas or lead-based paint. The client is invited and encouraged to employ the services of appropriate experts to address any area of concern.
Use of Cost Approach for Insurance Purposes: Replacement cost figures used in developing the cost approach are for valuation purposes only. No one, client or third party, should rely on these figures for insurance purposes. The definition of "market value" on page four of this form is not consistent with definitions of "insurable value." Actual reconstruction costs can easily exceed the replacement cost figures used in this appraisal.	



A

B

COST APPROACH TO VALUE (not required by Fannie Mae)						
Provide adequate information for the lender/client to replicate the below cost figures and calculations.						
Support for the opinion of site value (summary of comparable land sales or other methods for estimating site value) <b>Site value based upon analysis of 7 sales of sewered sites that transacted within the last 3 years. Sales prices ranged from \$160,000 to \$225,000. Adjustments applied for time, location, terrain, curb appeal. Lot sizes ranged from .75 acres to 2.5 acres. Indicative sales include: 2 Ranch Rd. for \$169,000, 8 Sunnydale Dr. for \$189,000, 20 Sunnydale Dr. for \$220,000 (private access road), 40 Liebau Rd., \$198,000.</b>						
ESTIMATED	<input type="checkbox"/> REPRODUCTION OR	<input checked="" type="checkbox"/> REPLACEMENT COST NEW	OPINION OF SITE VALUE .....			= \$ 200,000
Source of cost data	Marshall & Swift		Dwelling	2,571 Sq. Ft. @ \$ 81.....	= \$ 208,251	
Quality rating from cost service	Average	Effective date of cost data	Basement	1,347 Sq. Ft. @ \$ 31.....	= \$ 41,757	
Comments on Cost Approach (gross living area calculations, depreciation, etc.)			Wood Deck	700 Sq. Ft. @ \$ 11	= 7,700	
Marshall & Swift cost services are combined with local contractor's cost estimates and appraisal experience to arrive at the replacement cost figures. Depreciation estimates are reflected based on the straight line method. Land to value ratio is typical for homes in this market area, at this price range. Using cost information for insurance purposes is not an intended use of this appraisal.			Garage/Carport	641 Sq. Ft. @ \$ 23.....	= \$ 14,743	
			Total Estimate of Cost-New .....			= \$ 272,451
			Less	75 Physical	Functional	External
			C Depreciation \$54,490 .....			= \$ ( 54,490)
			Depreciated Cost of Improvements .....			= \$ 217,961
			"As-is" Value of Site Improvements .....			= \$ 12,000
Estimated Remaining Economic Life (HUD and VA only)			60 Years	INDICATED VALUE BY COST APPROACH .....		= \$ 430,000
INCOME APPROACH TO VALUE (not required by Fannie Mae)						
Estimated Monthly Market Rent \$ X Gross Rent Multiplier = \$ Indicated Value by Income Approach						
Summary of Income Approach (including support for market rent and GRM) <b>Homes in this price range and neighborhood are typically purchased for use and not income. Thus, the income approach lacks rationale and was not developed.</b>						
PROJECT INFORMATION FOR PUDs (if applicable)						
Is the developer/builder in control of the Homeowners' Association (HOA)? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Unit type(s) <input checked="" type="checkbox"/> Detached <input type="checkbox"/> Attached						
Provide the following information for PUDs ONLY if the developer/builder is in control of the HOA and the subject property is an attached dwelling unit.						
Legal name of project						
Total number of phases		Total number of units		Total number of units sold		
Total number of units rented		Total number of units for sale		Data source(s)		
Was the project created by the conversion of an existing building(s) into a PUD? <input type="checkbox"/> Yes <input type="checkbox"/> No If Yes, date of conversion.						
Does the project contain any multi-dwelling units? <input type="checkbox"/> Yes <input type="checkbox"/> No Data source(s)						
Are the units, common elements, and recreation facilities complete? <input type="checkbox"/> Yes <input type="checkbox"/> No If No, describe the status of completion.						
Are the common elements leased to or by the Homeowners' Association? <input type="checkbox"/> Yes <input type="checkbox"/> No If Yes, describe the rental terms and options.						
Describe common elements and recreational facilities.						
Freddie Mac Form 70 March 2005 UAD Version 9/2011 Produced using ACI software, 800.234.8727 www.aciweb.com Fannie Mae Form 1004 March 2005 1004_05UAD 12182015 Page 3 of 6						

### Cost Approach

A ▶ Site Value should not be higher than the area norm. The proportion of site value to the value of the residence must be in line with other values in the neighborhood. A property with a site value higher than the area norm may be considered a high-risk property.

B ▶ Estimated Reproduction Cost per square foot should not be higher than the area norm.

C ▶ Depreciation – The appraiser must make adjustments for depreciation when appropriate.

### Income Approach

The appraiser will complete the income approach if it is determined that the approach to value is relevant for the subject property.

### PUD Information

If the subject is part of a Planned Unit Development, the appropriate project information must be provided. Review this information to ensure it meets the investor's requirements.

After you've examined the report, review the Property Analysis Summary in the back of this booklet (page 29).



- A** 22. I am aware that any disclosure or distribution of this appraisal report by me or the lender/client may be subject to certain laws and regulations. Further, I am also subject to the provisions of the Uniform Standards of Professional Appraisal Practice that pertain to disclosure or distribution by me.
23. The borrower, another lender at the request of the borrower, the mortgagee or its successors and assigns, mortgage insurers, government sponsored enterprises, and other secondary market participants may rely on this appraisal report as part of any mortgage finance transaction that involves any one or more of these parties.
24. If this appraisal report was transmitted as an "electronic record" containing my "electronic signature," as those terms are defined in applicable federal and/or state laws (excluding audio and video recordings), or a facsimile transmission of this appraisal report containing a copy or representation of my signature, the appraisal report shall be as effective, enforceable and valid as if a paper version of this appraisal report were delivered containing my original hand written signature.
25. Any intentional or negligent misrepresentation(s) contained in this appraisal report may result in civil liability and/or criminal penalties including, but not limited to, fine or imprisonment or both under the provisions of Title 18, United States Code, Section 1001, et seq., or similar state laws.

**SUPERVISORY APPRAISER'S CERTIFICATION:** The Supervisory Appraiser certifies and agrees that:

- I directly supervised the appraiser for this appraisal assignment, have read the appraisal report, and agree with the appraiser's analysis, opinions, statements, conclusions, and the appraiser's certification.
- I accept full responsibility for the contents of this appraisal report including, but not limited to, the appraiser's analysis, opinions, statements, conclusions, and the appraiser's certification.
- The appraiser identified in this appraisal report is either a sub-contractor or an employee of the supervisory appraiser (or the appraisal firm), is qualified to perform this appraisal, and is acceptable to perform this appraisal under the applicable state law.
- This appraisal report complies with the Uniform Standards of Professional Appraisal Practice that were adopted and promulgated by the Appraisal Standards Board of The Appraisal Foundation and that were in place at the time this appraisal report was prepared.
- If this appraisal report was transmitted as an "electronic record" containing my "electronic signature," as those terms are defined in applicable federal and/or state laws (excluding audio and video recordings), or a facsimile transmission of this appraisal report containing a copy or representation of my signature, the appraisal report shall be as effective, enforceable and valid as if a paper version of this appraisal report were delivered containing my original hand written signature.

**APPRAISER**

Signature LT Tucker  
 Name L. T. Tucker  
 Company Name Accurate Appraisal  
 Company Address 567 Main St.  
 Anytown, US 12345  
 Telephone Number 123-456-7890  
 Email Address LTucker@AccurateAppraisal.com  
 Date of Signature and Report 09/03/20XX  
 Effective Date of Appraisal 09/01/20XX  
 State Certification # \_\_\_\_\_  
 or State License # 123456  
 or Other (describe) \_\_\_\_\_ State # \_\_\_\_\_  
 State US  
 Expiration Date of Certification or License 12/31/20XX

ADDRESS OF PROPERTY APPRAISED  
1 Hill Court  
Anytown, US 12345

APPRAISED VALUE OF SUBJECT PROPERTY \$ 430,000

LENDER/CLIENT  
 Name John Avenue  
 Company Name ABC Financial  
 Company Address 1512 Financial Street  
 Anytown, US 12345  
 Email Address JAvenue@ABCfinancial.com

**SUPERVISORY APPRAISER (ONLY IF REQUIRED)**

Signature \_\_\_\_\_  
 Name \_\_\_\_\_  
 Company Name \_\_\_\_\_  
 Company Address \_\_\_\_\_  
 Telephone Number \_\_\_\_\_  
 Email Address \_\_\_\_\_  
 Date of Signature \_\_\_\_\_  
 State Certification # \_\_\_\_\_  
 or State License # \_\_\_\_\_  
 State \_\_\_\_\_  
 Expiration Date of Certification or License \_\_\_\_\_

SUBJECT PROPERTY  
 Did not inspect subject property  
 Did inspect exterior of subject property from street  
 Date of Inspection \_\_\_\_\_  
 Did inspect interior and exterior of subject property  
 Date of Inspection \_\_\_\_\_

COMPARABLE SALES  
 Did not inspect exterior of comparable sales from street  
 Did inspect exterior of comparable sales from street  
 Date of Inspection \_\_\_\_\_

After you've examined the report, review the Property Analysis Summary in the back of this booklet (page 29).

## Exterior Photographs of the Subject Property



Front View of the Subject Property



Rear View of the Subject Property



Street Scene of the Subject Property



Shed

### Notes:

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## Photographs of the Comparable Sales



Comparable Sale #1



Comparable Sale #2



Comparable Sale #3

## Interior Photographs of the Subject Property



Living Room



Dining Room



Kitchen



Master Bedroom



Master Bathroom



Family Room



Full Bathroom



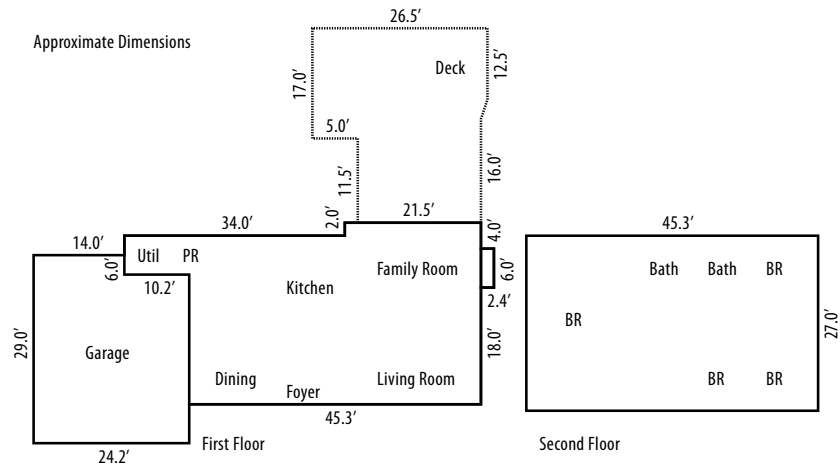
Half Bathroom



# Building Sketch

## Subject Property Floorplan

Borrower Mr. and Mrs. Homeowner	File No.: 1 Hill Court
Property Address 1 Hill Court	Case No.:
City Anytown	State US
Lender/Client ABC Financial	Zip 12345



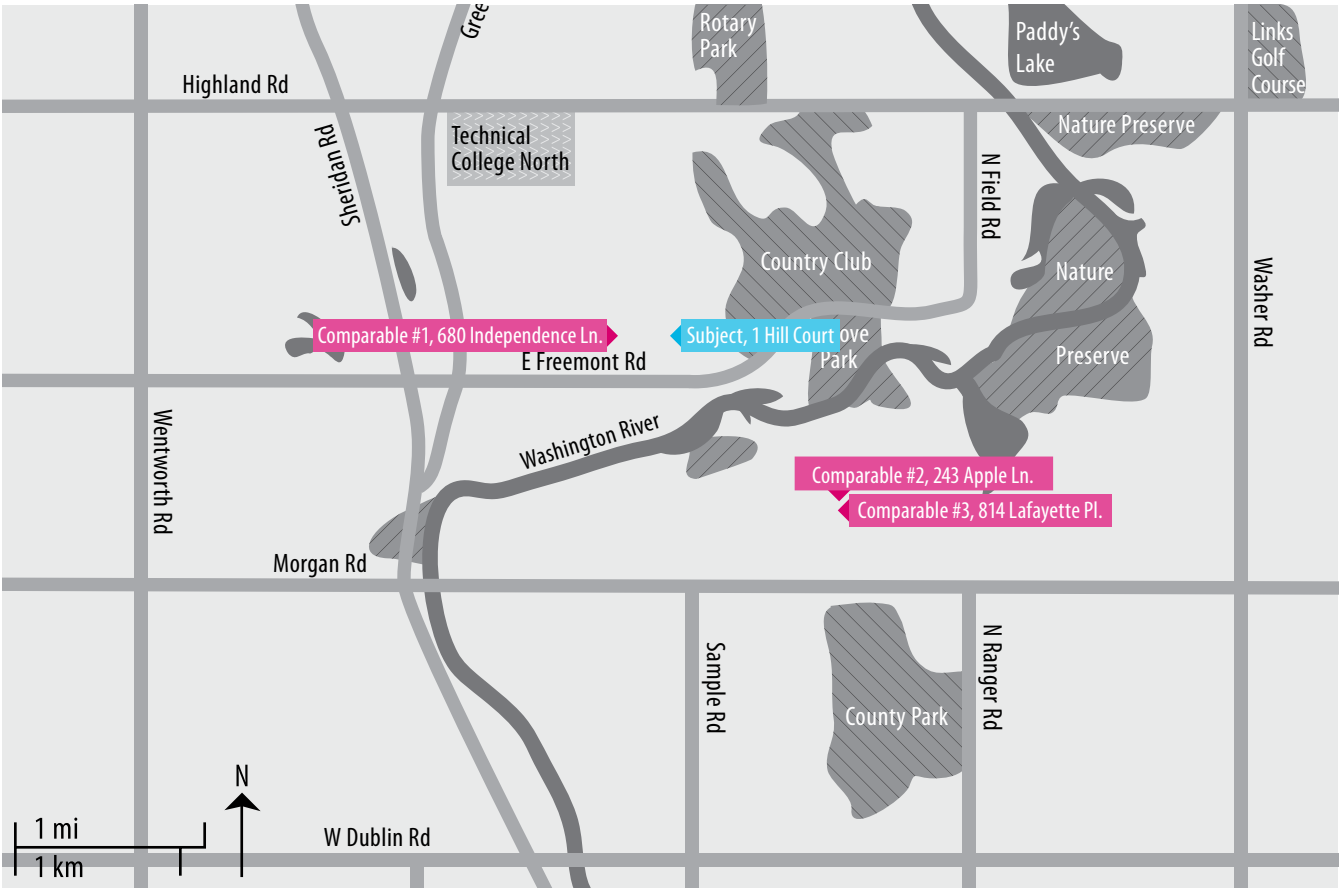
AREA CALCULATIONS SUMMARY			
Code	Description	Size	Totals
GLA1	First Floor	1347.40	1347.40
GLA2	Second Floor	1223.10	1223.10
P/P	Deck	700.00	700.00
GAR	Garage	640.60	640.60
<b>TOTAL LIVABLE (rounded)</b>			<b>2571</b>

LIVING AREA BREAKDOWN		
	Breakdown	Subtotals
First Floor		
	2.4 x 6.0	14.40
	11.0 x 55.5	610.50
	15.0 x 45.3	679.50
	2.0 x 21.5	43.00
Second Floor		
	27.0 x 45.3	1223.10
<b>5 AREAS TOTAL (rounded)</b>		<b>2571</b>

# Location Map

## Subject Property Location Map

Borrower Mr. and Mrs. Homeowner	File No.: 1 Hill Court
Property Address 1 Hill Court	Case No.:
City Anytown	State US
Lender/Client ABC Financial	Zip 12345



## Uniform Appraisal Dataset Definitions

### Uniform Appraisal Dataset Definitions

File No. 1 Hill Court

#### Condition Ratings and Definitions

**C1** The improvements have been very recently constructed and have not previously been occupied. The entire structure and all components are new and the dwelling features no physical depreciation.\*

*\*Note: Newly constructed improvements that feature recycled materials and/or components can be considered new dwellings provided that the dwelling is placed on a 100% new foundation and the recycled materials and the recycled components have been rehabilitated/re-manufactured into like-new condition. Recently constructed improvements that have not been previously occupied are not considered "new" if they have any significant physical depreciation (i.e., newly constructed dwellings that have been vacant for an extended period of time without adequate maintenance or upkeep).*

**C2** The improvements feature no deferred maintenance, little or no physical depreciation, and require no repairs. Virtually all building components are new or have been recently repaired, refinished, or rehabilitated. All outdated components and finishes have been updated and/or replaced with components that meet current standards. Dwellings in this category either are almost new or have been recently completely renovated and are similar in condition to new construction.

*\*Note: The improvements represent a relatively new property that is well maintained with no deferred maintenance and little or no physical depreciation, or an older property that has been recently completely renovated.*

**C3** The improvements are well maintained and feature limited physical depreciation due to normal wear and tear. Some components, but not every major building component, may be updated or recently rehabilitated. The structure has been well maintained.

*\*Note: The improvement is in its first-cycle of replacing short-lived building components (appliances, floor coverings, HVAC, etc.) and is being well maintained. Its estimated effective age is less than its actual age. It also may reflect a property in which the majority of short-lived building components have been replaced but not to the level of a complete renovation.*

**C4** The improvements feature some minor deferred maintenance and physical deterioration due to normal wear and tear. The dwelling has been adequately maintained and requires only minimal repairs to building components/mechanical systems and cosmetic repairs. All major building components have been adequately maintained and are functionally adequate.

*\*Note: The estimated effective age may be close to or equal to its actual age. It reflects a property in which some of the short-lived building components have been replaced, and some short-lived building components are at or near the end of their physical life expectancy; however, they still function adequately. Most minor repairs have been addressed on an ongoing basis resulting in an adequately maintained property.*

**C5** The improvements feature obvious deferred maintenance and are in need of some significant repairs. Some building components need repairs, rehabilitation, or updating. The functional utility and overall livability is somewhat diminished due to condition, but the dwelling remains useable and functional as a residence.

*\*Note: Some significant repairs are needed to the improvements due to the lack of adequate maintenance. It reflects a property in which many of its short-lived building components are at the end of or have exceeded their physical life expectancy but remain functional.*

**C6** The improvements have substantial damage or deferred maintenance with deficiencies or defects that are severe enough to affect the safety, soundness, or structural integrity of the improvements. The improvements are in need of substantial repairs and rehabilitation, including many or most major components.

*\*Note: Substantial repairs are needed to the improvements due to the lack of adequate maintenance or property damage. It reflects a property with conditions severe enough to affect the safety, soundness, or structural integrity of the improvements.*

#### Quality Ratings and Definitions

**Q1** Dwellings with this quality rating are usually unique structures that are individually designed by an architect for a specified user. Such residences typically are constructed from detailed architectural plans and specifications and feature an exceptionally high level of workmanship and exceptionally high-grade materials throughout the interior and exterior of the structure. The design features exceptionally high-quality exterior refinements and ornamentation, and exceptionally high-quality interior refinements. The workmanship, materials, and finishes throughout the dwelling are of exceptionally high quality.

**Q2** Dwellings with this quality rating are often custom designed for construction on an individual property owner's site. However, dwellings in this quality grade are also found in high-quality tract developments featuring residences constructed from individual plans or from highly modified or upgraded plans. The design features detailed, high-quality exterior ornamentation, high-quality interior refinements, and detail. The workmanship, materials, and finishes throughout the dwelling are generally of high or very high quality.

**Q3** Dwellings with this quality rating are residences of higher quality built from individual or readily available designer plans in above-standard residential tract developments or on an individual property owner's site. The design includes significant exterior ornamentation and interiors that are well finished. The workmanship exceeds acceptable standards and many materials and finishes throughout the dwelling have been upgraded from "stock" standards.

**Q4** Dwellings with this quality rating meet or exceed the requirements of applicable building codes. Standard or modified standard building plans are utilized and the design includes adequate fenestration and some exterior ornamentation and interior refinements. Materials, workmanship, finish, and equipment are of stock or builder grade and may feature some upgrades.

**Q5** Dwellings with this quality rating feature economy of construction and basic functionality as main considerations. Such dwellings feature a plain design using readily available or basic floor plans featuring minimal fenestration and basic finishes with minimal exterior ornamentation and limited interior detail. These dwellings meet minimum building codes and are constructed with inexpensive, stock materials with limited refinements and upgrades.

**Q6** Dwellings with this quality rating are of basic quality and lower cost; some may not be suitable for year-round occupancy. Such dwellings are often built with simple plans or without plans, often utilizing the lowest quality building materials. Such dwellings are often built or expanded by persons who are professionally unskilled or possess only minimal construction skills. Electrical, plumbing, and other mechanical systems and equipment may be minimal or non-existent. Older dwellings may feature one or more substandard or non-conforming additions to the original structure.

### **Definitions of Not Updated, Updated, and Remodeled**

#### **Not Updated**

**Little or no updating or modernization. This description includes, but is not limited to, new homes.**

Residential properties of fifteen years of age or less often reflect an original condition with no updating, if no major components have been replaced or updated. Those over fifteen years of age are also considered not updated if the appliances, fixtures, and finishes are predominantly dated. An area that is 'Not Updated' may still be well maintained and fully functional, and this rating does not necessarily imply deferred maintenance or physical /functional deterioration.

#### **Updated**

**The area of the home has been modified to meet current market expectations. These modifications are limited in terms of both scope and cost.**

An updated area of the home should have an improved look and feel, or functional utility. Changes that constitute updates include refurbishment and/or replacing components to meet existing market expectations. Updates do not include significant alterations to the existing structure.

#### **Remodeled**

**Significant finish and/or structural changes have been made that increase utility and appeal through complete replacement and/ or expansion.**

A remodeled area reflects fundamental changes that include multiple alterations. These alterations may include some or all of the following: replacement of a major component (cabinet(s), bathtub, or bathroom tile), relocation of plumbing/gas fixtures/appliances, significant structural alterations (relocating walls, and/or the addition of square footage). This would include a complete gutting and rebuild.

### **Explanation of Bathroom Count**

The number of full and half baths is reported by separating the two values by a period. The full bath is represented to the left of the period. The half bath count is represented to the right of the period. Three-quarter baths are to be counted as a full bath in all cases. Quarter baths (baths that feature only toilet) are not to be included in the bathroom count.

## Uniform Appraisal Dataset Definitions (continued)

### Uniform Appraisal Dataset Definitions

File No. 1 Hill Court

#### Abbreviations Used in Data Standardization Text

Abbrev.	Full Name	Appropriate Fields	Abbrev.	Full Name	Appropriate Fields
ac	Acres	Area, Site	in	Interior Only Stairs	Basement & Finished Rooms Below Grade
AdjPrk	Adjacent to Park	Location	Lndfl	Landfill	Location
AdjPwr	Adjacent to Power Lines	Location	LtdSght	Limited Sight	View
A	Adverse	Location & View	Listing	Listing	Sale or Financing Concessions
ArmLth	Arms Length Sale	Sale or Financing Concessions	MR	Mid-Rise Structure	Design(Style)
AT	Attached Structure	Design(Style)	Mtn	Mountain View	View
ba	Bathroom(s)	Basement & Finished Rooms Below Grade	N	Neutral	Location & View
br	Bedroom	Basement & Finished Rooms Below Grade	NonArm	Non-Arms Length Sale	Sale or Financing Concessions
B	Beneficial	Location & View	op	Open	Garage/Carport
BsyRd	Busy Road	Location	o	Other	Basement & Finished Rooms Below Grade
cp	Carport	Garage/Carport	O	Other	Design(Style)
Cash	Cash	Sale or Financing Concessions	Prk	Park View	View
CtySky	City View Skyline View	View	Pstrl	Pastoral View	View
CtyStr	City Street View	View	PwrLn	Power Lines	View
Comm	Commercial Influence	Location	PubTrn	Public Transportation	Location
c	Contracted Date	Date of Sale/Time	rr	Recreational (Rec) Room	Basement & Finished Rooms Below Grade
Conv	Conventional	Sale or Financing Concessions	Relo	Relocation Sale	Sale or Financing Concessions
cv	Covered	Garage/Carport	REO	REO Sale	Sale or Financing Concessions
CrtOrd	Court Ordered Sale	Sale or Financing Concessions	Res	Residential	Location & View
DOM	Days On Market	Data Sources	RT	Row or Townhouse	Design(Style)
DT	Detached Structure	Design(Style)	RH	Rural Housing - USDA	Sale or Financing Concessions
dw	Driveway	Garage/Carport	SD	Semi-detached Structure	Design(Style)
Estate	Estate Sale	Sale or Financing Concessions	s	Settlement Date	Date of Sale/Time
e	Expiration Date	Date of Sale/Time	Short	Short Sale	Sale or Financing Concessions
FHA	Federal Housing Authority	Sale or Financing Concessions	sf	Square Feet	Area, Site, Basement
g	Garage	Garage/Carport	sqm	Square Meters	Area, Site, Basement
ga	Garage - Attached	Garage/Carport	Unk	Unknown	Date of Sale/Time
gbi	Garage - Built-in	Garage/Carport	VA	Veterans Administration	Sale or Financing Concessions
gd	Garage - Detached	Garage/Carport	wo	Walk Out Basement	Basement & Finished Rooms Below Grade
GR	Garden Structure	Design(Style)	wu	Walk Up Basement	Basement & Finished Rooms Below Grade
GlfCse	Golf Course	Location	WtrFr	Water Frontage	Location
Glfvw	Golf Course View	View	Wtr	Water View	View
HR	High Rise Structure	Design(Style)	w	Withdrawn Date	Date of Sale/Time
Ind	Industrial	Location & View	Woods	Woods View	View









## Definitions

**Actual Age** ▶ The number of years since the structure was originally built (chronological age).

**Adjustments** ▶ The amount added to or subtracted from the sales prices of comparable properties to obtain an adjusted sales price that more accurately reflects the subject property's value.

Sales price of comparable sale

+ Market value of features found in subject property but not in comparable sale

– Market value of features found in comparable sale but not in subject property

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= Indicated value of subject property

**Appraisal Report** ▶ A dated, written statement that reflects and supports the value estimate of a property based on a qualified appraiser's analysis of relevant market information.

**Appraised Value** ▶ An appraiser's opinion based on an interpretation of facts and judgments. These facts and judgments are processed into an estimate of property value as of a stated date.

**Chattel** ▶ A tangible, movable or immovable property that is not attached to the real estate, e.g., swing set.

**Comparable Sale** ▶ A competitive property with characteristics similar to those of a subject property and recently sold on the local market.

**Condominium** ▶ A real estate project in which each unit owner has title to a unit in a building, an undivided interest in the common areas of the project and, where applicable, the exclusive use of limited common areas.

**Cost Approach** ▶ A valuation process based on the premise that an informed homebuyer would pay no more for a property than the cost of producing a similar property with equal utility.

Estimated site value

+ Estimated reproduction/replacement cost of new improvements

– Estimate of all elements of accrued depreciation (physical, functional, external)

+ Present worth of site improvements

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= Indicated value by cost approach

**Effective Age** ▶ The age of a building based on its conditions and modifications. A home that is well-cared for would have an effective age less than its actual age; whereas a home that was neglected would have an effective age greater than its actual age.

**External Depreciation** ▶ A loss in value caused by negative influences beyond the site itself – such as economic factors or environmental changes. The value of external depreciation is obtained from the market by comparing two similar properties, with the exception that one sale is influenced by a factor outside the subject property (e.g., high-voltage overhead electric transmission lines) and one sale is not.

**Fee Simple** ▶ Homeownership without limitations or restrictions, but subject to governmental actions (e.g., eminent domain).

**Financing Concessions** ▶ Fees paid by the seller to facilitate a transaction. If the financing concession is not typical for the local market, the sales price of a comparable sale may have to be adjusted.

**Functional Depreciation** ▶ A loss in value caused by defects in the design of a structure or by changes in market preferences that results in some aspect of a property being considered obsolete by current standards. The value of functional depreciation is based on the attitudes and reflections of prudent homebuyers in the marketplace.

**Gross Rent Multiplier (GRM)** ▶ The relationship or ratio between the sales price of a property and its gross monthly income. It is used to estimate value for rental properties.

Sales price

÷ Gross monthly rental

---

= Gross rent multiplier (GRM)

**Improvements** ▶ Everything except the land itself, such as the home, garage, sewers and other items people attach to the land.

**Income Approach** ▶ A valuation process that is based on the proposition that an informed homebuyer would pay no more for a property than the cost to obtain a return of income of the same amount.

Estimated monthly market rent

x Gross rent multiplier (GRM)

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= Indicated value by income approach

**Leasehold Estate** ▶ A form of ownership wherein the lessee does not actually own the property. Instead, the lessee has a recorded, long-term lease to it.

**Market Price/Sales Price** ▶ The amount actually paid for a property.

**Market Value** ▶ The most probable price for which a property should sell in a competitive and open market. All conditions necessary to a fair sale must be adhered to. For example, the buyer and seller must act prudently and knowledgeably; and the price must not be affected by undue stimulus.

**Paired Sales Analysis** ▶ A method of estimating the value of adjustments for the presence or absence of any feature(s). The estimation is done by pairing the sales prices of otherwise identical properties with and without the feature(s) in question.

**Physical Depreciation** ▶ A loss in value that is caused by deterioration in the physical condition of a property's improvements due to wear and tear, disintegration, or action of the elements. The amount of physical depreciation equals the cost to correct the condition (e.g., replace worn-out carpeting) and/or the amount of wear and tear that has occurred (e.g., the amount of wear on the walls and foundation of a 50-year-old property).

**PUD (Planned Unit Development)** ▶ A real estate project in which each unit owner has title to a residential lot and building and a nonexclusive easement on the common areas of the project. Each owner may have an exclusive easement over some parts of the common areas.

**Reconciliation** ▶ The process in the appraisal by which the appraiser reconciles the estimates of value received from the sales comparison, cost and/or income approach to arrive at a final estimate of market value for the subject property.

**Remaining Economic Life** ▶ The number of years over which the structure is expected to continue to contribute to the total value of the property.

**Sales Comparison Approach** ▶ A valuation process based on the proposition that an informed homebuyer would pay no more for a property than the cost to acquire an existing property with the same utility.

$$\begin{array}{r} \text{Sales price of comparable sales} \\ +/\text{- Adjustments} \\ \hline = \text{Indicated value by sales comparison approach} \end{array}$$

## Appraisal Report Checklist

This checklist is designed to help you review the following appraisal reports: Uniform Residential and Manufactured Home. Checklist answers printed in color designate cautionary items that may require additional comment by an appraiser and further review.

Borrower Name: \_\_\_\_\_

Subject Property Address: \_\_\_\_\_

Subject Section ▶	1] Do the property address and seller/borrowers' names match the loan file?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
	2] Is the buyer or seller an LLC or Corporation?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
	3] Are there any Special Assessments?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
	4] How are the property rights appraised? <input type="checkbox"/> Fee Simple <input type="checkbox"/> Leasehold <input type="checkbox"/> Other		
	5] Has the subject property been offered for sale in the past 12 months?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Contract Section ▶	6] Did appraiser analyze the contract (if applicable)?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
	7] Is the contract an arms length sale?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
	8] Does the owner of public record match the seller names on the contract?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
	9] Is there any financial assistance being paid by any party on behalf of the borrower?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
	10] If manufactured home, did the appraiser review the manufacturer's invoice?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Neighborhood Section ▶	11] Is the location rural or less than 25% built up?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
	12] Are property values declining?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
	13] Does demand/supply reflect an oversupply?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
	14] Is the marketing time more than six months?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
	15] Is the sales price within the neighborhood price range?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
	16] Does the subject property conform to the present land use?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
	17] Are there any negative comments in the Neighborhood section?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
HUD Data Plate (Manufactured Home Appraisal Report) ▶	18] Is the HUD Data Plate/Compliance Certificate attached to the dwelling?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
	19] Is a HUD Certificate label attached to the exterior of each section of the dwelling?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
	20] Do the Wind, Roof Load and Thermal Zone meet minimum HUD requirements for the location of the subject property?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Site Section ▶	21] Is the zoning rated legal nonconforming or illegal?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
	22] Is the present use the highest and best use?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
	23] Are the Utilities and/or Off-Site Improvements public?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
	24] Is the property in a Special Flood Hazard area?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
	25] Are there any adverse comments, (e.g., environmental conditions, land uses, easements, view, etc.) in the Site section?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
	<b>If Manufactured Home ▶</b>		
	26] Are the site size, shape and topography generally conforming and acceptable in market area?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
	27] Is there adequate vehicular access to subject property?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
28] Is the street properly maintained?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	

Improvements Section ▶	29] Does the Condition Rating of C1-C6 meet guidelines or investor criteria?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
	30] Are there any comments indicating adverse property conditions (e.g., settlement, dampness, repairs, etc.)?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
	31] Are there any physical deficiencies or adverse conditions that affect the livability, soundness or structural integrity of the property?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
	32] Does the property conform to the neighborhood?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
	33] <i>If manufactured home</i> , does the Design (style) indicate the number of sections as one?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Sales Comparison Approach ▶	34] Does the Quality Rating of Q1-Q6 meet guidelines or investor criteria?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
	35] Are the comparable sales located within an acceptable distance from the subject?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
	36] Is the sales price/gross living area for the subject property consistent with the comparable sales?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
	37] Did the appraiser use only data or verification sources that are non-public or non-MLS such as builder or developer?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
	38] Are there three comparable sales that have closed within the last six months or appropriate time frame for current market conditions?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
	39] Did the appraiser select a rating and factor for both location and view?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
	40] Are the comparables similar to the subject in location, design, age, size, room count and amenities?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
	41] Did the appraiser explain and support with market data any superior comparable sales?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
	42] If the subject property is in a controlled market is there at least one comparable sale outside the control of the developer, builder or property seller?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
	43] <i>If the subject property is a manufactured home</i> are there a minimum of two comparable sales that are also manufactured homes with similar features including overall quality and condition ?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
44] If the subject has unusual features did the appraiser provide additional comparable sales with similar characteristics?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
Additional Comments ▶	45] Did the appraiser provide comments to support the market value conclusions provided in the report?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
	46] Did the appraiser provide an appropriate explanation for any findings that show a significant or unusual variance between the subject property and comparables (e.g., unique design of home, subject's sales price much lower than comparables)?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Reconciliation ▶	47] Is the appraisal made "as is"?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
	48] Is the appraisal less than four months old?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
	49] Does the appraised value support the sales price?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
	50] Are there any negative comments?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Cost Approach (Must be completed if Manufactured Home) ▶	51] Is the land-to-value ratio typical for the area?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
	52] Is functional and/or external depreciation indicated?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
PUD Information (if Applicable) ▶	53] Is developer/builder in control of the Homeowner's Association (HOA)?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
	54] Was the project created by conversion of an existing building(s) into a PUD?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
	55] Does the project contain any multi-dwelling units?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
	56] Are the units/common elements and recreation facilities complete?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
	57] Are the common elements leased to or by the Homeowner's Association?	<input type="checkbox"/> Yes	<input type="checkbox"/> No

## Appraisal Report Checklist (continued)

	<b>58]</b> Did the appraiser provide photographs of the subject property's kitchen, bathrooms and main living area?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
	<b>59]</b> Does the appraisal contain clear photos of the front, back and street scene of the subject property and the front of each comparable sale?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
	<b>60]</b> Are the photographs in color and clear?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
	<b>61]</b> Did the photographs show items described such as railroad tracks, powerlines, etc.?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Exhibits ▶	<b>62]</b> Do the photographs of the subject property reflect weather consistent with date of appraisal?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
	<b>63]</b> Did appraiser comment if photo is not consistent with weather conditions?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
	<b>64]</b> Is there a street map that identifies the locations of the subject and comparable sales?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
	<b>65]</b> Does the building sketch differ from the bedroom and bath counts in the body of the appraisal?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
	<b>66]</b> Do the photos of the subject and comparables reflect similar design and appeal?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
	<b>67]</b> Do any of the exhibits include adverse comments?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Appraiser's Certification ▶	<b>68]</b> Is the appraisal signed and dated and is the Appraiser Certification or License number and expiration date entered?	<input type="checkbox"/> Yes	<input type="checkbox"/> No

▶ The MGIC Appraisal Report Checklist is designed to assist you in analyzing appraisals. The Checklist is not intended, nor should it be relied upon, as all-inclusive. Refer to Investor or Agency Guidelines for specific appraisal requirements. Use of the Checklist does not guarantee the accuracy of any appraisal, that an appraisal will satisfy applicable requirements or that any loan will be approved for purchase, mortgage insurance or other purposes. The Checklist is not intended as legal advice. MGIC EXPRESSLY DISCLAIMS ANY AND ALL WARRANTIES, EXPRESSED OR IMPLIED, INCLUDING WITHOUT LIMITATION, WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. MGIC AND ITS AFFILIATES WILL NOT BE LIABLE FOR ANY DAMAGES OF ANY KIND ARISING FROM USE OF THE CHECKLIST.

Checklist completed by ▶

Date ▶

# Property Analysis Summary

## 1 Hill Court Observations and Findings ▶

Below are some areas of the appraisal at 1 Hill Court the appraiser emphasized to help the reader understand how the final value of \$430,000 was determined. Please review the appraisal and the appraiser’s observations below. Then ask yourself: are there any areas of the appraisal you may want resolved or clarified before accepting the final estimated value of \$430,000?

<p>Site ▶</p>	<p>Subject lot is 1.25 acres, whereas the comparable lots are .75 to 1.10 acres. A site adjustment was made to Comparable 1 for its smaller lot size.</p>
<p>View ▶</p>	<p>Subject benefits from a superior wooded view, as does Comparable 3. Adjustments for view were made to Comparables 1 and 2 for inferior view.</p>
<p>Improvements ▶</p>	<p>Subject has 2,571 square feet of gross living area (GLA). Appraiser noted subject kitchen was newly remodeled, the bathrooms were recently updated and the property is well maintained. Subject has a 700 square-foot deck and a 10x12 garden shed.</p>
<p>Sales Comparables ▶</p>	<ul style="list-style-type: none"> <li>• Appraiser used a total of 3 comparable sales; all were from the subject’s immediate market area and closed within the last six months</li> <li>• Comparable 1 is in closest proximity to the subject and received adjustments for inferior site; \$5,000 and view; \$5,000</li> <li>• Comparable 2 received adjustments for inferior view; \$5,000, condition; \$6,000, GLA; \$5,300 and patio; \$1,000</li> <li>• Comparable 3 received negative adjustments for sales concessions; \$4,000, superior bath amenity; \$2,500, GLA; \$5,200 and new energy efficient windows; \$3,000</li> <li>• Minimal adjustments made to each comparable for lack of a garden shed</li> <li>• Appraiser commented Comparable 1 had the least amount of adjustments and was most similar in GLA; adjusted value for Comparable 1 was \$436,000. Comparable 2 was most similar in lot size and its adjusted value was \$433,300. Comparable 3 was the most recent sale; similar in lot size and GLA and its adjusted value was \$421,300.</li> </ul>





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