

*Field Review Guidelines for the URAR and One-Unit Residential  
Field Review Report*

**NIA Consulting Ltd.**

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Ltd's contracted reviewers or employees.*



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This manual was designed as an additional reference for field reviewers. It is not intended to replace the current USPAP Standards, Fannie Mae, Freddie Mac guidelines, FIRREA



Regulations or summarize all good appraisal practices. This guide should help you analyze a large majority of recurring problems that we have witnessed on many a field review.

**Subject section information (Section 1 Response 1)**

<b>SUBJECT</b>	Property Address	City	State GA	Zip Code	
	Borrower	Owner of Public Record	County		
	Legal Description				
	Assessor's Parcel #	Tax Year	R.E. Taxes \$		
	Neighborhood Name	Map Reference	Census Tract		
	Occupant <input type="checkbox"/> Owner <input type="checkbox"/> Tenant <input type="checkbox"/> Vacant	Special Assessments \$ N/A	<input type="checkbox"/> PUD	HOA \$	<input 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 type="checkbox"/> Purchase Transaction <input type="checkbox"/> Refinance Transaction <input type="checkbox"/> Other (describe)				
	Lender/Client	Address			
	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 type="checkbox"/> Yes <input type="checkbox"/> No
	Report data source(s) used, offering price(s), and date(s).				

- 1) Does the property address legal description, assessors parcel #, and property rights appraised, match public records?
- 2) Does the assignment type match the contract section (refi, sale, etc)?
- 3) Was the listing information reported per USPAP minimum requirements?
  - A) USPAP 2005 and prior required only current listing activity (as of the date of the appraisal). The failure to report recent listing activity within a year, but not active as of the date of the appraisal is not a USPAP violation, however should be reported as a failure of “good appraisal practices”.
  - B) USPAP 2006/2008 and the new form require current listing activity and all listing activity for one year prior to the effective date of the appraisal.
- 4) Did the appraiser state the data source of the listing? Was it a public listing (MLS or other accepted Media in this market) or was it a FSBO (for sale by owner)? Was there an analysis of how it was marketed?
- 5) Is the activation date of the listing after the stated contract date (why would somebody list the property if was already under contract)? We have determined that a lot of fraudulent listings have short exposure times or were written after the contract. A lot of MLS systems will allow non-member listings to be placed for a

flat fee. Some of these are done in an attempt to legitimize the sale and to provide for future comparables.

**Contract section information (Section 1 Response 2)**

<b>CONTRACT</b>	I <input 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.		
	Contract Price \$	Date of Contract	Is the property seller the owner of public record? <input type="checkbox"/> Yes <input type="checkbox"/> No Data Source(s)
	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 type="checkbox"/> No		
	If Yes, report the total dollar amount and describe the items to be paid.		

- 6) Did the appraiser analyze all agreements of sale? Was the contract price, date of contract and seller’s concessions disclosed? Does the contract price appear reasonable for this market?
- 7) Are the seller’s concessions typical for this market area?
- 8) Is the seller the owner of public record? USPAP and good appraisal practice requires the appraiser to establish a proper chain of ownership. Even if there is a delay of public records in your market area, if the seller is not the owner of record, due diligence must have been performed in determining how the seller obtained ownership (purchase date and amount). We acknowledge that there is a delay in data in some markets; however if the seller does not match the public records, common sense dictates there is a missing transaction or that somebody has injected themselves into the transaction (flip?).
- 9) Does the contract predate the list date? This is a warning sign of possible fraud (see #5 listed above).

**Neighborhood section information (Section 1 Response3)**



NEIGHBORHOOD	Neighborhood Characteristics			One-Unit Housing Trends			One-Unit Housing		Present Land Use %			
	Location	<input type="checkbox"/> Urban	<input checked="" type="checkbox"/> Suburban	<input type="checkbox"/> Rural	Property Values	<input type="checkbox"/> Increasing	<input checked="" type="checkbox"/> Stable	<input type="checkbox"/> Declining	PRICE	AGE	One-Unit	70 %
	Built-Up	<input type="checkbox"/> Over 75%	<input checked="" type="checkbox"/> 25-75%	<input type="checkbox"/> Under 25%	Demand/Supply	<input type="checkbox"/> Shortage	<input checked="" type="checkbox"/> In Balance	<input type="checkbox"/> Over Supply	\$ (000)	(yrs)	2-4 Unit	%
	Growth	<input type="checkbox"/> Rapid	<input checked="" type="checkbox"/> Stable	<input type="checkbox"/> Slow	Marketing Time	<input type="checkbox"/> Under 3 mths	<input checked="" type="checkbox"/> 3-6 mths	<input type="checkbox"/> Over 6 mths	Low		Multi-Family	%
	Neighborhood Boundaries	THE SUBJECT IS BOUND ON THE NORTH BY _____ ; ON THE						High		Commercial	%	
	EAST BY _____ ; ON THE SOUTH BY _____ ; ON THE WEST BY _____						Pred.		Other	30 %		
	Neighborhood Description	THE SUBJECT IS LOCATED IN _____ COUNTY APPROXIMATELY _____ MILES OF ATLANTA'S CENTRAL BUSINESS DISTRICT. ALL NECESSARY SERVICES ARE EASILY ACCESSIBLE VIA _____ AND LOCAL SURFACE STREETS.										
	UNEMPLOYMENT LEVELS ARE MINIMAL WITH BELOW AVERAGE TO AVERAGE FORECLOSURE ACTIVITY.											
	Market Conditions (including support for the above conclusions) SALES/VALUE LEVELS ARE GENERALLY STABLE. FINANCING READILY AVAILABLE TO QUALIFIED BORROWERS. MARKETING TIME IS ESTIMATED TO BE BETWEEN THREE TO SIX MONTHS. SUPPLY AND DEMAND FOR PROPERTIES APPEARS TO BE IN BALANCE. NO ADVERSE FACTORS WERE OBSERVED.											

- 10) Were the neighborhood characteristics adequately described? (urban vs. suburban, built up, growth, etc.)
- 11) Are the housing trends correctly reported? (property values, demand/supply, and marketing time) This is one of the most misrepresented areas on URAR reports in rapidly increasing and decreasing markets. Good appraisal practice requires the most recent and similar comparable sales to be used in these rapidly changing markets. For example some markets have witnessed a 40% downturn in less than a year. Using a dated sale could have a major impact on value and result in an inflated indicated value.
- 12) Does the value range and age bracket adequately describe the subject's neighborhood? If not, use your opinion of a more adequate range of values or ages. Does the appraised value exceed the predominant value reported? If the appraised value exceeds the predominant value range, did the appraiser report if the subject was over improved or a super-adequacy?
- 13) Does the present use adequately describe and address all zoning and uses within the neighborhood boundaries described? (Example: the property is bordering or a close proximity to commercial or industrial use). Is the subject a legal use, or legal non-conforming (grandfathered) use?
- 14) Do the neighborhood boundaries encompass and adequately define the neighborhood? If not, what are the more appropriate boundaries? Are the comparables selected in the Sales Comparison Approach within the described boundaries? If not, did the appraiser address any variances in value or marketability from the other neighborhood?

- 15) Did the appraiser adequately address the marketing conditions or did they use “canned” statements? (unemployment, heavy fraud, a high amount of REO sales, etc.).
- 16) Are there any adverse conditions that would impact value or marketability present in the neighborhood? (nuclear plants, major highways, heavy non-residential use, etc.).

**Site section information (Section 1 Response 4)**

Utilities	Public	Other (describe)	Public	Other (describe)	Off-site Improvements - Type	Public	Private
Electricity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Water	<input checked="" type="checkbox"/>	Street ASPHALT	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Gas	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Sanitary Sewer	<input checked="" type="checkbox"/>	Alley NONE	<input type="checkbox"/>	<input type="checkbox"/>
FEMA Special Flood Hazard Area		<input type="checkbox"/> Yes <input type="checkbox"/> No	FEMA Flood Zone		FEMA Map #	FEMA Map Date	
Are the utilities and off-site improvements typical for the market area? <input 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 type="checkbox"/> No If Yes, describe							
TYPICAL UTILITY INGRESS/EGRESS EASEMENTS ARE PRESENT WHICH DO NOT ADVERSELY AFFECT VALUE OR MARKETABILITY.							
SUBJECT NOT LOCATED IN A FLOOD ZONE PER FEMA FLOOD MAP.							

- 17) Were the dimensions, lot size, shape and view adequately described?
- 18) Is the zoning and zoning description specific for the subject lot or is it generalized and non-specific?
- 19) Were the utilities and off-site improvements accurately portrayed? Are they typical for this market?
- 20) Is the FEMA flood map accurate and the most recent available?  
If there are flood areas, are the flood areas impact on value or marketability discussed?
- 21) Were there any negative external factors specific to the subject’s site that impacts the value or marketability (example: high traffic flow, visual or audio impairment, high voltage towers, railroad lines, large utility easements, etc.)? Were there any

positive external factors that effect value or marketability (example: golf course, borders a recreational lake, etc.)?

***Improvements section information (Section 1 Response 5)***

General Description		Foundation		Exterior Description	materials/condition	Interior	materials/condition
Units <input type="checkbox"/> One <input type="checkbox"/> One with Accessory Unit	<input type="checkbox"/> Concrete Slab <input type="checkbox"/> Crawl Space	Foundation Walls		Floors			
# of Stories	<input type="checkbox"/> Full Basement <input type="checkbox"/> Partial Basement	Exterior Walls		Walls			
Type <input type="checkbox"/> Det. <input type="checkbox"/> Att. <input type="checkbox"/> S-Det/End Unit	Basement Area sq.ft.	Roof Surface		COMP SHING		Trim/Finish	
<input type="checkbox"/> Existing <input type="checkbox"/> Proposed <input type="checkbox"/> Under Const.	Basement Finish %	Gutters & Downspouts		ALUM/ALUM		Bath Floor	
Design (Style)	<input type="checkbox"/> Outside Entry/Exit <input type="checkbox"/> Sump Pump	Window Type		Bath Wainscot			
Year Built	Evidence of <input type="checkbox"/> Infestation NONE NO	Storm Sash/Insulated		Car Storage <input type="checkbox"/> None			
Effective Age (Yrs)	<input type="checkbox"/> Dampness <input checked="" type="checkbox"/> Settlement	Screens		<input type="checkbox"/> Driveway # of Cars			
Attic <input type="checkbox"/> None	Heating <input type="checkbox"/> FWA <input type="checkbox"/> HWBB <input type="checkbox"/> Radiant	Amenities <input type="checkbox"/> Woodstove(s) #		Driveway Surface		CONCRETE	

<b>IMPROVEMENTS</b>	<input type="checkbox"/> Drop Stair <input type="checkbox"/> Stairs <input type="checkbox"/> Other	Fuel GAS <input type="checkbox"/> Fireplace(s) # <input type="checkbox"/> Fence <input type="checkbox"/> Garage # of Cars
	<input type="checkbox"/> Floor <input type="checkbox"/> Scuttle	Cooling <input checked="" type="checkbox"/> Central Air Conditioning <input type="checkbox"/> Patio/Deck <input type="checkbox"/> Porch <input type="checkbox"/> Carport # of Cars
	<input type="checkbox"/> Finished <input type="checkbox"/> Heated	<input type="checkbox"/> Individual <input type="checkbox"/> Other <input type="checkbox"/> Pool <input type="checkbox"/> Other <input type="checkbox"/> Att. <input type="checkbox"/> Det. <input type="checkbox"/> Built-in
	Appliances <input type="checkbox"/> Refrigerator <input checked="" type="checkbox"/> Range/Oven <input checked="" type="checkbox"/> Dishwasher <input type="checkbox"/> Disposal <input type="checkbox"/> Microwave <input type="checkbox"/> Washer/Dryer <input type="checkbox"/> Other (describe)	
	Finished area <b>above</b> grade contains: Rooms Bedrooms Bath(s) Square Feet of Gross Living Area Above Grade	
	Additional features (special energy efficient items, etc.).	
	Describe the condition of the property (including needed repairs, deterioration, renovations, remodeling, etc.): <b>NO PHYSICAL, FUNCTIONAL, OR EXTERNAL INADEQUACIES WERE NOTED. SUBJECT WAS IN LINE WITH ALL CURRENT MARKET EXPECTATIONS.</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 type="checkbox"/> No If Yes, describe	
	Does the property generally conform to the neighborhood (functional utility, style, condition, use, construction, etc.)? <input type="checkbox"/> Yes <input type="checkbox"/> No If No, describe	

22) Is the general description accurate? Is the effective age supported by the condition comments? Does the effective age and remaining economic life coincide with the physical depreciation schedule in the Cost Approach?

23) Does the physical information reported match the external visual upon field inspection (retrospective review two years ago stated new siding and new roof, does it appear two years old)?

- 24) Does the physical description and materials match public records, tax records, listings or any other published data sources (condition, room count, bedroom and bath count, etc.)?
- 25) Does the room, bedroom, bath count match the sketch provided by the original appraiser?
- 26) Is the square footage reasonable compared to published data sources (minor variances are expected, however large variances should be explained with comments such as new additions, etc.)?
- 27) Are the additional features adequately described or were “canned” and unspecific comments made?
- 28) The condition comments should be specific and age appropriate(example: a 75 year old home with general comments such as “average” or “updated” and not specific statements concerning the replacement of major systems, etc.)
- 29) Were there any visual signs of physical deficiencies from the street? Were there any comments in published data services concerning any physical deficiencies? Remember the SSS rule for safety, security and salability. Items that affect safety or the security of the investment (a deferred maintenance item that would further erode and detract from the investor’s security) should have had a value “subject to” repair. If it is a salability item a condition adjustment should have been made.
- 30) Does the property adhere to the principle of conformity? This principle states that value is created and sustained when the characteristics of a property conform to the demands of its market.

### **Sales Comparison Approach (Section 1, responses 6 & 7)**

There are comparable properties currently offered for sale in the subject neighborhood ranging in price from \$						to \$		
There are comparable sales in the subject neighborhood within the past twelve months ranging in sale price from \$						to \$		
FEATURE	SUBJECT	COMPARABLE SALE # 1		COMPARABLE SALE # 2		COMPARABLE SALE # 3		
Address								
Proximity to Subject								
Sale Price	\$		\$		\$		\$	
Sale Price/Gross Liv. Area	\$ sq.ft.	\$ sq.ft.	\$ sq.ft.	\$ sq.ft.	\$ sq.ft.	\$ sq.ft.	\$ sq.ft.	
Data Source(s)								
Verification Source(s)								
VALUE ADJUSTMENTS	DESCRIPTION	DESCRIPTION	+(-) \$ Adjustment	DESCRIPTION	+(-) \$ Adjustment	DESCRIPTION	+(-) \$ Adjustment	
Sales or Financing Concessions								
Date of Sale/Time								
Location	AVERAGE	AVERAGE		AVERAGE		AVERAGE		
Leasehold/Fee Simple	Fee Simple	FEE SIMPLE		FEE SIMPLE		FEE SIMPLE		
Site								
View	TYPICAL	AVG/HOMES		AVG/HOMES		AVG/HOMES		
Design (Style)								
Quality of Construction								
Actual Age								
Condition								
Above Grade	Total	Bdrms.	Baths	Total	Bdrms.	Baths	Total	
Room Count								
Gross Living Area	sq.ft.		sq.ft.		sq.ft.		sq.ft.	
Basement & Finished Rooms Below Grade								
Functional Utility	AVERAGE	AVERAGE		AVERAGE		AVERAGE		
Heating/Cooling	FWA/CAC	FWA/CAC		FWA/CAC		FWA/CAC		
Energy Efficient Items	STANDARD	STANDARD		STANDARD		STANDARD		
Garage/Carport								
Porch/Patio/Deck								
SALES APPROACH								
SALES COMPARISON								
Net Adjustment (Total)								
Adjusted Sale Price of Comparables								
I <input type="checkbox"/> did <input type="checkbox"/> did not research the sale or transfer history of the subject property and comparable sales. If not, explain								

My research <input type="checkbox"/> did <input type="checkbox"/> 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)				
My research <input type="checkbox"/> did <input type="checkbox"/> 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)				
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 #1	COMPARABLE SALE #2	COMPARABLE SALE #3
Date of Prior Sale/Transfer				
Price of Prior Sale/Transfer				
Data Source(s)				
Effective Date of Data Source(s)				
Analysis of prior sale or transfer history of the subject property and comparable sales				
Summary of Sales Comparison Approach ALL SALES ARE VERIFIED CLOSED SALES OF HOMES WITHIN A REASONABLE DISTANCE AND TIMEFRAME. THE COMPARABLES CHOSEN WERE DETERMINED TO BE THE MOST RECENT SALES OF SIMILAR SIZE, UTILITY AND LOCATION.				
Indicated Value by Sales Comparison Approach \$				

31) Did the appraiser adequately describe the amount and ranges of the listing and sold comparables chosen? Are the comparables chosen within that bracket and range reported?

There are	comparable properties currently offered for sale in the subject neighborhood ranging in price from \$	to \$	.
There are	comparable sales in the subject neighborhood within the past twelve months ranging in sale price from \$	to \$	.

- 32) Are the comparables chosen within the neighborhood boundaries described on page 1 of the URAR?
- 33) Were the distances reported accurate and were they the closest similar sales available as of the effective date of the appraisal?
- 34) Do the sales prices and sales dates in the report match published data sources? If the sales price exceeds the listing price, was the variance adequately explained? If it cannot be explained, it must be disqualified as a value indicator.
- 35) Did the appraiser use more than one data source and were these data sources independent or not supplied by parties with financial gain? An example is where the builder and the agent supplied the physical and closing data.

- 36) When possible did the appraiser use publicly marketed sales versus private sales with unknown seller's concessions?
- 37) Did the appraiser disclose seller concessions and adjust all sales to a cash equivalency? If not did the appraiser adequately address what is a typical seller contribution in this market?
- 38) Were the sales chosen the most recent sales available and were there at least three within a six month timeframe or twelve month maximum?
- 39) If the neighborhood value range was reported as increasing, were the comparables adequately adjusted for their time differentials?
- 40) Was the acreage or lot size of the comparables described? If necessary, were all the comparables adjusted for acreage, road frontage, topography, foliage, and utility?
- 41) Were there any visual impacts that would affect value or marketability (example: panoramic views, industrial use properties within view, golf lots, lakefront etc.)?
- 42) Are the comparables chosen the most similar in design to the subject? Were any comparables of varying design explained as to why they were selected or adjusted for value impact?
- 43) Did the appraiser compensate or adjust for any variances in quality of construction or curb appeal (four-sided brick construction versus vinyl siding, etc.)?
- 44) Are the comparables of similar room, bedroom and bath count? Were the comparables appropriately adjusted for any variances of room, bedroom and bath count? Did the appraiser bracket the comparables room count or choose all sales of similar utility?
- 45) Were the comparable's square footage the most similar sales available and do those gross living areas bracket the subject's square footage or gross living area (example: the subject is 2,000 sq.ft. and all three comparables chosen are 2,500+ sq.ft., this is an example of non-bracketed sales)? Are the \$/square foot

adjustments typical for homes in this value range (adjusting \$20 per sq.ft. in the Sales Comparison Approach and using \$160 per sq.ft. in the Cost Approach)?

- 46) Did the appraiser correctly report the elevation or basement of the improvements? Were the comparables of similar foundation or were they adequately adjusted for variances in utility? Did the appraiser credit any below grade areas as gross living area?
- 45) Do the subject and comparables share similar functional floor plans or were the comparables adjusted for any variances in design or layout (example: a second floor bedroom without a bath, etc.)?
- 46) Did the comparables chosen share similar additional features and were the adjustments reflective of their contributory value?
- 47) Did the appraiser bracket all adjustments? If any single line item adjustments exceed 10% the appraiser should have given great detail or provided additional comparables. Did the appraiser's comparables bracket all significant features and adjustments whenever possible?
- 48) Do the net adjustments exceed 15% or the gross adjustments exceed 25%, if so were the adjustments adequately explained?
- 49) Was the sales history of the comparables chosen reported to Fannie Mae minimum guidelines? Good appraisal practice requires the appraiser to validate a proper chain of ownership on the comparables chosen. Any gaps in ownership should be analyzed for possible "flipped" transactions. If a clear chain of ownership cannot be established, the comparable should be disqualified.
- 50) Did the appraiser adequately summarize and analyze the Sales Comparison Approach (example: most consideration was given to comparable 1 due to proximity and similar design, etc.)?

**Cost and Income Approaches to value (Section 1, response 8)**

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>COST APPROACH</b>	ESTIMATED <input type="checkbox"/> REPRODUCTION OR <input type="checkbox"/> REPLACEMENT COST NEW	OPINION OF SITE VALUE .....			= \$	
	Source of cost data	DWELLING	Sq.Ft. @ \$		= \$	
	Quality rating from cost service	Effective date of cost data	Sq.Ft. @ \$		= \$	
	Comments on Cost Approach (gross living area calculations, depreciation, etc.)				= \$	
	AREA CALCULATIONS FOR THE SUBJECT ARE ONLY		Garage/Carport	Sq.Ft. @ \$		= \$
	APPROXIMATIONS FOR THE PURPOSES OF THIS APPRAISAL. NO		Total Estimate of Cost-New			= \$
	PHYSICAL FUNCTIONAL OR EXTERNAL INADEQUACIES WERE		Less	Physical	Functional	External
	NOTED AT THE TIME OF INSPECTION.		Depreciation			= \$( )
			Depreciated Cost of Improvements			= \$
			'As-is' Value of Site Improvements			= \$
Estimated Remaining Economic Life (HUD and VA only)		Years	INDICATED VALUE BY COST APPROACH		= \$	

- 51) Is the site value reported reasonable and supported by local lot sales? Does the site value exceed 30% of the appraised value, and if so did the appraiser address whether the subject was over improved or a super-adequacy for this neighborhood? Is the highest and best use as a single-family residence?
- 52) Are the cost multipliers supported by published cost data services such as Marshall & Swift Cost Manual?
- 53) Is the physical depreciation supported by accepted and customary appraisal methods, such as the modified age life method, etc.? Was the effective age reasonable for a home of the reported age with the conditions and remodeling discussed?
- 54) Were the site improvements reasonable for the items described or witnessed?
- 55) Does the Cost Approach support the appraised value?

INCOME APPROACH TO VALUE (not required by Fannie Mae)						
<b>INCOME</b>	Estimated Monthly Market Rent \$	N/A	X Gross Rent Multiplier	N/A	= \$	Indicated Value by Income Approach
	Summary of Income Approach (including support for market rent and GRM)					



- 56) Is the subject in a high investor area or high tenant market? If so, was there a reasonable amount of published data to support the completion of this approach?
- 57) Was a rent comparable schedule performed or provided? Were the rent comparables accurately reported and the most similar rent comparables in the subject's market area? Were the rentals supported with published data services such as MLS or a local rental data service?
- 58) Is the GRM (gross rent multiplier) supported with published publicly marketed and supported sales? Keep in mind that the Income Approach is performed when there is a high probability that the buyer or market will be investors. An investor expects a return on their money via monthly rent income from positive cash flow or from a gained equity position from escalating values in the subject's market. An example would be a home that was reported to be in a stable or declining market with an estimated rent income of \$600 per month being appraised at \$150,000. If the purchaser is not speculating on an increase in values, why would they bear a negative \$750 a month in cash flow from debt services and incurred cost?
- 59) Did the appraiser perform an Operating Income Statement? If provided the OIS, are the figures reasonable and customary for your market area? Are the replacement reserves reasonable and customary? Is the vacancy percentages discussed parallel with a visual observation of the neighborhood (example: a lot of "for rent" signs or vacant or boarded up properties)? A good example would be a condominium renting for \$650 a month, where the appraiser ignored mandatory HOA association dues of \$175 a month paid by the owner. This would only yield \$475 a month Income to the owner before additional expenses.

**The transfer history of the subject and comparables (Section 1 response 9)**

ITEM	SUBJECT	COMPARABLE SALE #1	COMPARABLE SALE #2	COMPARABLE SALE #3
Date of Prior Sale/Transfer				
Price of Prior Sale/Transfer				
Data Source(s)				
Effective Date of Data Source(s)				
Analysis of prior sale or transfer history of the subject property and comparable sales				



- 60) Did the appraiser report all sales or transfers within a three year timeframe as of the effective date of the review? This is a USPAP (Standard 1-5), Freddie Mac and Fannie Mae requirement.
- 61) Did the appraiser analyze the prior transactions and discuss any large appreciations that were not standard or typical for this market? Flipped transactions will normally have undisclosed prior sales, an unclear chain of ownership and vague condition comments to support large appreciations. Did the reviewer report the prior transactions on the comparables, one year prior to the sale date indicated? The failure to do so is not a USPAP violation, however is a violation of Fannie Mae, Freddie Mac and good appraisal practices.

**Agreement of appraised value (Section 1, response 10)**

<p>10. Is the opinion of market value in the appraisal report under review accurate as of the effective date of the appraisal report?  <input type="checkbox"/> Yes <input type="checkbox"/> No If No, complete Section II.</p>
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- 62) If you disagree with the appraised value, you must complete section 2 of the One-Unit Residential Appraisal Field Review Report. If an enhanced field review was requested you must provide additional supporting comparables.

**Reasoning for disagreement of value opinion (Section 2, response 1)**

<p><b>SECTION II — COMPLETE ONLY IF REVIEW APPRAISER ANSWERS "NO" TO QUESTION 10 IN SECTION I.</b></p>
<p>1. Provide detailed reasoning for disagreement with the opinion of value in the appraisal report under review.</p>

- 63) Summarize the major points or concerns, the violations of USPAP or good appraisal practices noted.

**Assumptions made by the reviewer (Section 2, response 2)**

<p>2. State all extraordinary assumptions used (i.e. gross living area, room count, condition, etc.).</p>



64) Here you would analyze the assumptions made from conflicting or undisclosed data provided or neglected by the appraiser. Discuss the assumptions you are making in determining a revised value (example: the reviewer is basing the revised value based on the assumption that the subject is 1,200 square feet, not 1,700 as reported). This assumed data will be placed in the revised grid performed by the reviewer in section 2, response 3.

**Reviewer's grid of additional comparables (Section 2, response 3)**

3. Provide a new opinion of value as of the effective date of the appraisal report under review using the below sales comparison analysis grid. (NOTE: This may or may not include the use of the same comparable sales in the appraisal report under review.)												
FEATURE	SUBJECT			COMPARABLE SALE # 1			COMPARABLE SALE # 2			COMPARABLE SALE # 3		
Address	ACWORTH, GA 30102-3599											
Proximity to Subject												
Sale Price	\$				\$				\$			
Sale Price/Gross Liv. Area	\$	sq.ft.	\$	sq.ft.	\$	sq.ft.	\$	sq.ft.	\$	sq.ft.		
Data Source(s)												
Verification Source(s)												
VALUE ADJUSTMENTS	DESCRIPTION	DESCRIPTION	+(-) \$ Adjustment		DESCRIPTION	+(-) \$ Adjustment		DESCRIPTION	+(-) \$ Adjustment			
Sales or Financing Concessions												
Date of Sale/Time												
Location												
Leasehold/Fee Simple												
Site												
View												
Design (Style)												
Quality of Construction												
Actual Age												
Condition												
Above Grade	Total	Bdrms	Baths	Total	Bdrms	Baths	Total	Bdrms	Baths	Total	Bdrms	Baths
Room Count												
Gross Living Area	sq.ft.			sq.ft.			sq.ft.			sq.ft.		
Basement & Finished Rooms Below Grade												
Functional Utility												
Heating/Cooling												
Energy Efficient Items												
Garage/Carport												
Porch/Patio/Deck												
Net Adjustment (Total)				<input type="checkbox"/> + <input type="checkbox"/> -	\$		<input type="checkbox"/> + <input type="checkbox"/> -	\$		<input type="checkbox"/> + <input type="checkbox"/> -	\$	
Adjusted Sale Price of Comparables				Net	%		Net	%		Net	%	
				Gross	%	\$	Gross	%	\$	Gross	%	\$

65) The reviewer's grid should be held to a higher standard than the original appraiser's grid.



- 66) Are the additional comparables closer in proximity than the original appraisers, if not were they adequately explained as to why they are better value indicators further away (provide a new map with the proximity of the new comparables to the subject)?
- 67) Are the additional comparables publicly marketed sales, when available, and were they supported with published and independent data sources?
- 68) Did you adjust for non-typical sales concessions or adjust the additional comparables to a cash equivalency basis?
- 69) Are the additional comparables more recent sales, or was an adequate explanation given as to why more dated sales were better value indicators?
- 70) Do the additional comparables share similar location, view, acreage and utility? Were any variances properly adjusted and explained?
- 71) Are the additional comparables more similar in design and quality of construction to the subject? Did you adequately explain any large or non-typical adjustments (brick construction vs. vinyl siding frame construction)?
- 72) Are the additional comparables similar in age and assumed condition? Do the condition adjustments reflect cost to cure?
- 73) Were the comparables chosen of similar room, bedroom and bath count? If not did you bracket the adjustments or explain any failure to bracket these sales?
- 74) Are the additional comparables of similar foundation or adjusted adequately for variances? Were the finished areas in the basement adjusted at contributory value?
- 75) Do the additional comparables share similar functionality concerning the floor plan?  
and design?
- 76) Were the additional features such as garages, central a/c, porches, fence, pool, workshops, etc. adjusted at market contribution?
- 77) Are the adjustments within 15% to 25% gross and net adjustment norms? Were

there any unexplained 10% single line item adjustments? Were there any non-bracketed across the board adjustments?

**Sales transfer of the additional comparables provided by the reviewer**

ITEM	COMPARABLE SALE # 1	COMPARABLE SALE # 2	COMPARABLE SALE # 3
Date of Prior Sale/Transfer			
Price of Prior Sale/Transfer			
Data Source(s)			
Effective Date of Data Source(s)			
Analysis of prior sale or transfer history for the comparable sales.			

- 78) The reviewer is required to analyze the current listing and agreement of sale for the additional comparables chosen. The reviewer must report the sales history of these sales to a minimum of one year prior to the stated sale analyzed.
- 79) The reviewer must analyze and explain any increases or decreases of any prior sale reported.

**Summary of the reviewer’s revised value**

	Indicated Value by: Sales Comparison Approach \$	Cost Approach (if developed) \$	Income Approach (if developed) \$
<b>RECONCILIATION</b>	THE SALES COMPARISON APPROACH IS CONSIDERED THE MOST RELIABLE INDICATOR OF VALUE AND IS SUPPORTED BY THE COST APPROACH. INSUFFICIENT SALES-RENTAL DATA TO ARRIVE AT A MEANINGFUL INDICATION OF VALUE VIA THE INCOME APPROACH.		
	This appraisal is made <input checked="" type="checkbox"/> "as is", <input type="checkbox"/> subject to completion per plans and specifications on the basis of a hypothetical condition that the improvements have been completed, <input type="checkbox"/> subject to the following repairs or alterations on the basis of a hypothetical condition that the repairs or alterations have been completed, or <input type="checkbox"/> subject to the following required inspection based on the extraordinary assumption that the condition or deficiency does not require alteration or repair. THE APPRAISAL WAS APPRAISED IN A "AS IS" CONDITION GIVEN AVERAGE MARKETING TIME, WITH AVERAGE EXPOSURE TO INFORMED BUYERS.		
	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 \$ _____, as of _____, which is the date of inspection and the effective date of this appraisal.		

- 80) Summarize the failures and violations of the original appraisal report. Analyze why the revised value is more credible than the original value. Be specific in the violations and break down of good appraisal practices.

**Revised value opinion as of the effective date of the original appraisal**

- 81) The reviewer should make every effort to analyze data sources that were readily available to the appraiser as of the effective date of the report.



## *Some commonly abused USPAP violations*

**USPAP Standards Rule 1-1 (SR 1-1)**<sup>1</sup> (from which departure is not permitted) provides:

In developing a real property appraisal, an appraiser must...(b) not commit a substantial error of omission or commission that significantly affects an appraisal; or (c) not render appraisal services in a careless or negligent manner, such as by making a series of errors that, although individually might not significantly affect the results of an appraisal, in the aggregate, affect the credibility of those results.

**USPAP Standards Rule 1-5 (SR 1-5)** (from which departure is not permitted) provides:<sup>2</sup>

In developing a real property appraisal, when the value opinion to be developed is market value, an appraiser must, if such information is available to the appraiser in the normal course of business: (a) analyze all agreements of sale, options or listings of the subject property current as of the effective date of the appraisal; and (b) analyze all sales of the subject property that occurred within the three (3) years prior to the effective date of the appraisal.

**USPAP Statement of Appraisal Standards No. 6 (SMT-6)**<sup>3</sup> provides that:

Reasonable exposure time is one of a series of conditions in most market value definitions...Exposure time may be defined as follows: the estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at the market value of the effective date of the appraisal...<sup>4</sup>

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<sup>1</sup> Adopted June 11, 2002.

<sup>2</sup> See also Advisory Opinions 24 and 1.

<sup>3</sup> Adopted June 12, 2001.

<sup>4</sup> See also *USPAP Advisory Opinion 22* (adopted July 10, 2000) in which "a reasonable time is allowed for exposure in the open market" is subsumed in the definition of "Market value."

In my professional opinion, it would have been difficult or impossible to determine the true fair market value of the subject property without locating comparables that were exposed to the market through the local MLS.

## **Some commonly abused Fannie Mae violations**

### **Section 404.04 - Layout and Floor Plans**

Dwellings with unusual layouts, peculiar floor plans, or inadequate equipment or amenities generally have limited market appeal. A review of the room list and floor plan for the dwelling unit may indicate an unusual layout--such as bedrooms on a level with no bath, or a kitchen on a different level from the dining room. If the appraiser indicates that such inadequacies will result in market resistance to the subject property, he or she should make appropriate adjustments to reflect this in the overall analysis. On the other hand, if market acceptance can be demonstrated through the use of comparable sales with the same inadequacies, no adjustments are required

### **Section 304 - Manufactured (and Factory-Built) Housing Units**

The appraiser should use as comparable sales similar manufactured housing units--comparing single-width units to single-width units and multi-width units to multi-width units. If comparable sales of similar units are not available, the appraiser may use site-built housing as comparable sales, as long as he or she explains why that is being done. When there is a preference for site-built housing in the subject market area, the appraiser must adjust the site-built comparables to reflect the market's reaction to manufactured housing units.

### **Section 402 - Neighborhood Analysis**

The purpose of the appraiser's neighborhood analysis is to identify the area (based on common characteristics or trends) that is subject to the same influences as the subject property, not to rate or judge the neighborhood. The sales prices of comparable properties in the identified area should reflect the positive and negative influences of the neighborhood. The results of the neighborhood analysis will enable the appraiser to define the area from which to select comparables, to understand market preferences and price patterns, to examine the effect of different locations within the neighborhood, to determine

the influence of nearby land uses, and to identify any other value influences affecting the neighborhood.

### **Section 402.06 - Price Range and Predominant Price**

The appraiser must indicate the price range and predominant price of properties in the subject neighborhood. The price range must reflect high and low prevailing prices for residential properties that are comparable to the property being appraised (one-family properties, two- to four-family properties, condominium units, or cooperative units) and, in some cases, for competing properties (one-family properties when the property being appraised is a two- to four-family property or a condominium unit and condominium units when the property being appraised is a cooperative unit). Isolated high and low extremes should be excluded from the range, which means that the predominant price will be that which is the most common or most frequently found in the neighborhood. The appraiser may state the predominant price as a single figure or as a range (if that is more appropriate).

When the subject property has a sales price (or value) that exceeds the upper price range, the property is considered as an "over-improvement" for the neighborhood. The property is considered as an "under-improvement" if its sales price (or value) is less than the lower price range. If the subject property is an over-improvement, the mortgage terms generally should be more conservative because the property may not be acceptable to typical purchasers. The appraiser must explain why the property is an over- or under-improvement and comment on the adjustments that were made in the "sales comparison analysis" adjustment grid to reflect that condition.

### **Section 403.01 - Zoning**

The appraiser is responsible for reporting the specific zoning classification for the subject property. The appraiser must include a general statement to describe what the zoning permits--"single-family," "two-family," etc.--when he or she indicates a specific zoning such as R-1, R-2, etc. The appraiser must also include a specific statement indicating whether the improvements represent a legal use; a legal, but non-conforming (grandfathered) use; or an illegal use under the zoning regulations; or whether there is no local zoning.

### **Section 403.02 - Highest and Best Use**



The highest and best use of a site is that reasonable and probable use that supports the highest present value on the effective date of the appraisal. For improvements to represent the highest and best use of a site, they must be legally permitted, be financially feasible, be physically possible, and provide more profit than any other use of the site would generate. All four of these criteria must be met if the improvements are to be considered as the highest and best use of a site.

## **Section 404 - Improvement Analysis**

The appraiser must provide a clear, detailed, accurate, and comprehensive description of the improvements. The appraiser should be as specific as possible (commenting on such things as needed repairs, additional features, modernization, etc.) and should provide supporting addenda, if necessary.

### **Section 404.02 - Actual and Effective Ages**

The relationship between the actual and effective ages of the property is a good indication of its condition. A property that has been well maintained will generally have an effective age somewhat lower than its actual age. On the other hand, properties that have an effective age higher than their actual age probably have not been well maintained or may have a particular physical problem. In such cases, the lender must pay particular attention to the condition of the subject property in its review of the appraisal.

### **Section 404.06 - Gross Living Area**

The most common comparison for single-family properties (including units in PUD, condominium, or cooperative projects) is above-grade gross living area. The appraiser must be consistent when he or she calculates and reports the finished above-grade room count and the square feet of gross living area that is above-grade. For units in condominium or cooperative projects, the appraiser should use interior perimeter unit dimensions to calculate the gross living area. In all other instances, the appraiser should use the exterior building dimensions per floor to calculate the above-grade gross living area of a property. Only finished above-grade areas should be used-- garages and basements (including those that are partially above-grade) should not be included. We consider a level to be below-grade if any portion of it is below-grade--regardless of the quality of its "finish" or the window area of any room. Therefore, a walk-out basement with finished rooms would not be included in the above-grade room count.

**Common failures in following “good appraisal” practices and applying proven principles.**

The principle of substitution dictates that a reasonable buyer will not pay more for the subject than he would pay for similar properties in the subject’s market and thus the subject’s market value is limited accordingly. In this case, the review appraiser located similar properties in the subject’s market that would necessarily have materially reduced the estimated market value of the subject.

**FIELD REVIEW CHECKLIST RESPONSE**

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