



Welcome to PMI's Webinar Training Bootcamp

Analyzing Appraisals for SFRs and Condos

PRESENTED BY

PMI MORTGAGE INSURANCE CO.

Tina Callisto

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Teleconference Number

888-912-9954, Participant Passcode 227097



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Quick Start Info Housekeeping

02: Welcome to PM

Q&A

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Ask: Host & Presenter
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Presenter
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All Panelists

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Start Inbox - Microsoft... Blueprint for Loa... https://pmigroup... WebEx Event ... 97% 2:15 PM

Housekeeping

- Phones on Mute
- DO NOT USE THE "HOLD" BUTTON DURING THE TRAINING SESSION!
 - We have no way to override hold music or commercials
- Feedback/Evaluation
- Certificate of Completion



- What if I have a question?

Required Materials

- Course materials:
 - Download PDF's for specific session
- Paper for Notations
- Calculator
- Pen/Pencil



Organize Materials

- Exhibits
 - Keys to Appraisal Review in Distressed or Declining Markets
 - Exhibit 1 Fraud Schemes
 - Exhibit 2 Appraisal Forms List
 - Exhibit 3a-c URAR Checklist
 - Exhibit 4 Appraisal Review Case Study
 - Exhibit 5a-f Uniform Residential Appraisal Report



Training Objectives

- Current market conditions and trends
- Your roles, responsibilities and rights when analyzing appraisals
- Keys to URAR review through a case study
- Condo Considerations

Current Market Conditions & Trends



Purpose of the Appraisal

- Confirm property value
- Confirm property condition
- Confirm property marketability

Current Market Conditions

- Are property values...
 - Increasing
 - Stable
 - Declining

Alternative Verification Sources for Estimated Value

- Estimated Value
 - www.zillow.com
 - www.ofheo.gov
 - www.realtor.org
 - www2.standardandpoors
 - <http://www.appintelligence.com>

Identifying a Declining Market

- AUS findings
- Thoroughly read your appraisal
- Check lender/GSE guidelines
- Check mortgage insurance guidelines

AUS Findings Indicative of Property Values

- "...returned the following standardized address and census tract for... This is the address that will be used in its property valuation and fieldwork..."
- "...collateral assessment model indicates that the submitted value estimate for this...transaction may be excessive.?"
- "...collateral assessment model indicates that the...appears to have an excessive rate of appreciation..."
- "The subject property has been identified as being located in either an area of declining home prices or in an area where it may be difficult to assess home values..."
- "Review for accuracy: The estimated value of property or net purchase price submitted for this transaction may have a higher rate of appreciation than the local market..."
- "Form (2055, 2065, 2075) is the minimum assessment required.."

Appraisal Report Factors that Determine Falling Prices

- Location
- Neighborhood characteristics
- Current market trends
- Comparable sales

Lender/GSE Declining Markets Guidelines

- Check lender guidelines
- GSE Guidelines
 - Fannie Mae Announcements
 - 08-06 Updates and Clarifications to Maximum Financing in Declining Markets Policy
 - 07-22 Maximum Financing in Declining Markets
 - 07-11 Collateral Valuation Practices and Declining Markets
 - Freddie Mac Bulletins
 - Determining Declining markets

PMI & Declining Markets

Refer to “Keys to Appraisal Review in Distressed or Declining Markets”

- Resources relative to declining markets
 - Keys to Appraisal Review in Distressed or Declining Markets
 - PMI Distressed Market Policy
 - PMI Zip Map
 - PMI Distressed Markets List

Market Condition Trends – Fraud for Housing

Exhibit 1

- MOTIVATION = BORROWER GETS OR KEEPS A HOME
 - Borrower has the desire to repay the loan
 - No profit typically paid to participants
 - Generally involves one type of misrepresentation
 - Usually do not have value issues

- TYPE OF FRAUD
 - Occupancy Fraud
 - Misrepresented intent to occupy

Market Condition Trends – Fraud for Profit

Exhibit 1

- MOTIVATION = MONEY
 - Perpetrators have no intention of paying back the loan
 - Usually involve 'Rings' - well planned and organized schemes
 - Usually Involves large number of loans
 - Usually involves inflated values
- TYPE OF FRAUD
 - Property Flipping
 - Inflated Appraisals
 - Builder Bail-outs

Impact of Overvalued Properties

- Overvalued properties result in
 - Understatement of the (LTV) ratio
 - Insufficient collateral
 - Increased possibility of overvalue in distressed/declining markets

Roles, Responsibilities & Rights



Roles & Responsibilities - Appraiser

- Appraisers are to provide the lender with an accurate and adequately supported opinion of value and description of the property
- At the very least, the appraiser is expected to:
 - Use the most recent and similar comps
 - Special attention should be given to unusual sales or financing concessions
 - Provide an objective assessment of the primary indicators of market conditions
 - Describe trends
 - Research home price trends

Roles & Responsibilities - Lender

- Lenders are ultimately responsible for the accuracy of both the appraisal and its assessment of marketability
- At the very least, the lender is expected to:
 - Review the appraisal report to ensure consistency with appraisal standards
 - Ensure that the appraiser analyzes listings and contract sales, if available, along with the most recent closed or settled sales
 - Have appropriate business controls in place to ensure that no actions are taken by its employees, agents or third party originators that may compromise the accuracy of the appraisal report

Roles & Responsibilities - Underwriter

- Underwriters are responsible for determining if the appraisal is acceptable
 - Ensure consistency with Appraisal Standards
 - Ensure use of comparable listings and contract sales if appraisal does not adequately reflect the current market conditions
 - Know your market: Local real estate trends, employment stats and current interest rates

Underwriter Rights (a.k.a. The bottom line)

- Underwriters have a right to:
 - Request additional comps, if comps provided are questionable
 - Request written explanations from appraisers for inconsistencies within the appraisal report
 - Require thorough explanations for support of effective age, large adjustments, reason for using comps from other neighborhoods, etc.

Keys to the URAR Review



Market Value Defined

PMI's definition of market value

*"The most probable selling price in terms of money which a property should bring in a **competitive** and **open market** under all conditions requisite to a fair sale, the buyer and seller, each acting **prudently, knowledgeably** and assuming the price is not affected by **undue stimulus**."*

Market Value vs. Price

- Price may not equal value
- Special considerations
 - Special relationship between buyer and seller
 - Buyer may be willing to pay a premium for the property

Purpose of the Appraisal

- Confirm property value
- Confirm property condition
- Confirm property marketability

Underwriter Review Considerations

- Adequate support for property's value
- Present and future marketability
- Completeness and correctness of forms and exhibits
- Applicability and timeliness of the data
- Consistency, logic and accuracy of the appraisal

Appraisal Report Forms

Exhibit 2

Form	Property	Inspection	Fannie Mae #	Freddie Mac #
Uniform Residential Appraisal Report	Single-Family PUD	Interior & Exterior	1004	70
Exterior-Only Inspection Residential Appraisal Report	Single-Family PUD	Exterior Only	2055	2055
Manufactured Home Appraisal Report	Manufactured Home	Interior & Exterior	1004C	70B
Individual Condominium Unit Appraisal Report	Condominium	Interior & Exterior	1073	465
Exterior Only Inspection Condominium Unit Appraisal Report	Condominium	Exterior Only	1075	466
Small Residential Income Property Appraisal Report	Two- to Four-Unit Property	Interior & Exterior	1025	72

Single Family Property Definition

FORM	PROPERTY	INSPECTION	FANNIE MAE #	FREDDIE MAC #
Uniform Residential Appraisal Report	Single-Family PUD	Interior & Exterior	1004	70

- Single Family Detached
 - Owner deeded land on which improvements lie
- Planned Unit development
 - Comprehensive development plan for large land area
 - Common elements
 - Include homeowners' dues or maintenance fees in housing expense

URAR Case Study



URAR Checklist

Exhibit 3a-c



Exhibit 3a

UNIFORM RESIDENTIAL APPRAISAL REPORT CHECKLIST

For the review of the URAR, Fannie Mae 1004/Freddie Mac 70

For items below a "No" response requires further analysis from the underwriter to determine the acceptability of the property.

SUBJECT	Yes	No	N/A
1) Does the property address match the loan application and sales contract, if applicable?			
2) Are the R.E. taxes shown on the appraisal (for accurate PITI determination)?			
3) Is the property appraised fee simple? If no, comply with investor guidelines for Leaseholds?			
4) Are Homeowner Association fees, if applicable, included in the PITI (amount to match application and transmittal summary)?			
5) Do Borrower and owner of public record both correspond with other applicable documents in the file; sale contract, application?			
6) Does correct Broker/Correspondent lender show as the Lender/Client?			
7) OCCUPANT; does it correspond with transaction?			
8) If the property has an assessment has it been addressed in the sales contract?			
9) If the property has an assessment has the appraiser detailed the purpose and amount and addressed the effect on the subject property?			
10) Does the assignment type correspond with the loan request?			
11) Has the appraiser responded to whether the property has been offered for sale currently or in the last 12 months? Response is required. Note: Homes that are listed or recently listed typically are not eligible for refinancing. Check investor guidelines.			
12) Data sources used by the appraiser are verifiable? All information is complete?			

URAR Case Study

Exhibit 4

Exhibit 4

Appraisal Review Case Study

Certification/Issue Date: 4/13/2005
Borrower: Joe & Mary Borrower
Address: 1234 Anywhere Street
Detroit MI 48205

To Whom It May Concern:

The appraisal review for the above referenced loan determined that the loan origination file contained misrepresentations which were relied upon in issuing the certificate. Specifically, we have learned the following information:

Loan to Value Ratio

Based on the appraised value and other factors contained in the original loan file, the loan to value ratio ("LTV") relied on to underwrite the loan was 100%. The origination file contains the following in support of this ratio:

1. A Uniform Residential Appraisal Reported completed on **04/07/2005** reflecting a value **\$120,000** for the subject property.

The information contained in this appraisal report was investigated internally and through the use of an independent investigator and/or appraiser. The review appraisal supports a value of **\$78,000** as of **04/07/2005**, which represents a **variance of 35%**.

URAR – Subject Section

Exhibit 5a

■ Purpose

- Identify the subject property
- Owner of record
- Occupancy
- Describe the property rights to be appraised
- Summarize financing data and sales concessions

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 1234 Anywhere Street		City Detroit	State MI Zip Code 48205
Borrower BORROWER		Owner of Public Record OWNER	County Wayne
Legal Description Anywhere Subdivision			
Assessor's Parcel # 00000		Tax Year 05-Est	R.E. Taxes \$ 1,350
Neighborhood Name Anywhere Valley		Map Reference SMSA #0000	Census Tract 0000
Occupant <input checked="" type="checkbox"/> Owner <input type="checkbox"/> Tenant <input type="checkbox"/> Vacant		Special Assessments \$ 0	<input type="checkbox"/> PUD HOA \$ 0 <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 checked="" type="checkbox"/> Purchase Transaction <input type="checkbox"/> Refinance Transaction <input type="checkbox"/> Other (describe)			
Lender/Client Your Best Mortgage Company		Address 4321 Nowhere Street, Detroit, MI 48205	
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 checked="" type="checkbox"/> No
Report data source(s) used, offering price(s), and date(s). Warranty Deed, Land Records			

URAR – Subject Section

Exhibit 4: Appraisal Review Findings

The information contained in this appraisal report was investigated internally and through the use of an independent investigator and/or appraiser. The review appraisal supports a value of **\$78,000** as of **04/07/2005**, which represents a **variance of 35%**.

1. The original appraiser stated that the Subject Property had not sold within 36 months of the valuation date. The retrospective review appraiser verified via local public records that the **Subject Property was sold as a non-MLS sale on 04/15/2004 for \$74,371**, which was 12 months prior to the valuation date. **In addition, the retrospective review appraiser verified that the Subject Property was listed for sale again on 01/12/2005 for \$59,900 and sold just two months prior to the valuation date on 02/22/2005 for \$56,000.** The retrospective review appraiser also verified that **this sale was actually listed on both the local MLS systems in Detroit.** The Subject Property was previously sold twice prior to the effective date of the original appraiser's valuation and the **original appraiser failed to properly disclose or reconcile either of these sales, which is misleading and a violation of USPAP reporting guidelines.**

Overvalued Properties Appraisal Tactics

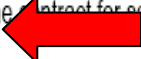


- Unreported prior sales history
 - Subject section
 - Sales comparison approach
- Using comparables in superior neighborhoods
 - Neighborhood section
 - Sales comparison approach

URAR – Contract Section

Exhibit 5a

■ Purpose

- Provides information on the sales contract for the subject property being appraised
- Must be completed if the appraisal is for a property that is transferring ownership.

C O N T R A C T	<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. 
	Contract Price \$ 120,000 Date of Contract 4/07 Is the property seller the owner of public record? <input checked="" 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 checked="" type="checkbox"/> No If Yes, report the total dollar amount and describe the items to be paid. 

Impact of Sales or Financing Concessions

- Financing concessions
 - Payments, credits or prepaid financing terms
 - Allowable up to % defined by investor guidelines
- Sales concessions
 - Non-realty items, i.e. cash, decorator items, cars
 - Not allowed, reduced from sales price

URAR – Neighborhood Section

Exhibit 5a

■ Purpose

- Contiguous area
- Define neighborhood
- Identify characteristics that might influence marketability or value
- Will the neighborhood be acceptable to a sufficient number of buyers to support a market for the property?

Note: Race and the racial composition of the neighborhood are not appraisal factors.													
Neighborhood Characteristics				One-Unit Housing Trends			One-Unit Housing		Present Land Use %				
N E I G H B O R H O O D	Location	<input checked="" type="checkbox"/> Urban	<input 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	100	%
	Built-Up	<input checked="" type="checkbox"/> Over 75%	<input 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	70	Low	40	Multi-Family	%
	Neighborhood Boundaries THE NEIGHBORHOOD BOUNDARIES CONSISTS OF 8 MILE TO THE NORTH, KELLY TO THE EAST,								150	High	90+	Commercial	%
	7 MILES TO THE SOUTH AND HAYES TO THE WEST.								120	Pred.	50-70	Other	%
	Neighborhood Description THERE ARE NO APPARENT ADVERSE FACTORS WHICH SHOULD AFFECT THE SUBJECT'S MARKETABILITY. STABLE PRICES DEMONSTRATE												
	AVERAGE MARKET DEMAND FOR THIS AREA. THE IMPROVEMENTS CONFORM WELL TO THE SURROUNDING HOMES. THE SUBJECT'S NEIGHBORHOOD HAS ACCESS TO												
NECESSARY SUPPORTING FACILITIES INCLUDING SCHOOLS, SHOPPING, RECREATION AND EMPLOYMENT CENTERS.													
Market Conditions (including support for the above conclusions) SEE COMMENTS SECTION													

URAR – Neighborhood Section

Exhibit 5a

- Neighborhood characteristics
 - Location
 - Built-Up
 - Growth

Note: Race and the racial composition of the neighborhood

Neighborhood Characteristics			
Location	<input checked="" type="checkbox"/> Urban	<input type="checkbox"/> Suburban	<input type="checkbox"/> Rural
Built-Up	<input checked="" type="checkbox"/> Over 75%	<input type="checkbox"/> 25-75%	<input type="checkbox"/> Under 25%
Growth	<input type="checkbox"/> Rapid	<input checked="" type="checkbox"/> Stable	<input type="checkbox"/> Slow

URAR – Neighborhood Section

Exhibit 5a

■ Unit Housing Trends

- Property values
- Demand/Supply
- Marketing time
- Price range

One-Unit Housing Trends				One-Unit Housing		
Property Values	<input type="checkbox"/> Increasing	<input checked="" type="checkbox"/> Stable	<input type="checkbox"/> Declining	PRICE		AGE
Demand/Supply	<input type="checkbox"/> Shortage	<input checked="" type="checkbox"/> In Balance	<input type="checkbox"/> Over Supply	\$ (000)		(yrs)
Marketing Time	<input type="checkbox"/> Under 3 mths	<input checked="" type="checkbox"/> 3-6 mths	<input type="checkbox"/> Over 6 mths	70	Low	40
				150	High	90+
				120	Pred.	50-70

URAR – Neighborhood Section

Exhibit 5a

- Neighborhood Description
 - Neighborhood boundaries
 - Neighborhood description
 - Market conditions

Note: Race and the racial composition of the neighborhood are not appraisal factors.

N E I G H B O R H O O D	Neighborhood Characteristics			One-Unit Housing Trends			One-Unit Housing			Present Land Use %		
	Location	<input checked="" type="checkbox"/> Urban	<input 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	100 %
	Built-Up	<input checked="" type="checkbox"/> Over 75%	<input 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	70	Low	40	Multi-Family %
	Neighborhood Boundaries	THE NEIGHBORHOOD BOUNDARIES CONSISTS OF 8 MILE TO THE NORTH, KELLY TO THE EAST, 7 MILES TO THE SOUTH AND HAYES TO THE WEST.						150	High	90+	Commercial	%
	Neighborhood Description	THERE ARE NO APPARENT ADVERSE FACTORS WHICH SHOULD AFFECT THE SUBJECT'S MARKETABILITY. STABLE PRICES DEMONSTRATE AVERAGE MARKET DEMAND FOR THIS AREA. THE IMPROVEMENTS CONFORM WELL TO THE SURROUNDING HOMES. THE SUBJECT'S NEIGHBORHOOD HAS ACCESS TO NECESSARY SUPPORTING FACILITIES INCLUDING SCHOOLS, SHOPPING, RECREATION AND EMPLOYMENT CENTERS.						120	Pred.	50-70	Other	%
	Market Conditions (including support for the above conclusions)	SEE COMMENTS SECTION										

URAR – Neighborhood Section

Exhibit 5a

- Characteristics that may require further explanation:
 - Location - *Rural*
 - Built- Up – *Under 25%*
 - Growth Rate – *Slow*
 - Property Values – *Declining*
 - Demand/Supply – *Over Supply*
 - Marketing Time – *Over 6 months*

- Combinations indicative of possible declining market
 - Built- Up – *Under 25%* /Marketing Time – *Under 3 months*
 - Growth Rate – *Slow* /Marketing Time – *Under 3 months*
 - Growth Rate – *Slow* /Demand/Supply – *Shortage*
 - Property Values – *Stable* /Marketing Time – *Over 6 months*

URAR – Site Section

Exhibit 5a

■ Purpose

- Document the subject's improvements with regard to type, design, and construction materials.
- Subject property conforms to the neighborhood

Dimensions	40X1345	Area	53,800	Shape	RECTANGULAR	View	OTHER RES		
Specific Zoning Classification	R1	Zoning Description	ONE FAMILY RESIDENTIAL						
Zoning Compliance	<input checked="" type="checkbox"/> Legal	<input type="checkbox"/> Legal Nonconforming (Grandfathered Use)	<input type="checkbox"/> No Zoning	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
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	
S I T E	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	0	<input type="checkbox"/>	<input type="checkbox"/>
	FEMA Special Flood Hazard Area	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	FEMA Flood Hazard Category	C	FEMA Map #	0000	FEMA Map Date	04/17/84
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	
NO ADVERSE EASEMENTS OR ENCROACHMENTS NOTED. TYPICAL UTILITY EASEMENTS. NORMAL SETBACKS AND SIDE YARDS. ALL SITE FACTORS ARE CONSIDERED FAVORABLE.									

URAR – Improvements Section

Exhibit 5a

■ Purpose

- The improvements section will identify the condition of the property

General Description	Foundation	Exterior Description	materials/condition	Interior	materials/condition
Units <input checked="" type="checkbox"/> One <input type="checkbox"/> One with Accessory Unit	<input checked="" type="checkbox"/> Concrete Slab <input type="checkbox"/> Crawl Space	Foundation Walls CON/BLOCK		Floors WOOD/TILE AVG	
# of Stories 1.5	<input checked="" type="checkbox"/> Full Basement <input type="checkbox"/> Partial Basement	Exterior Walls VINYL		Walls PLASTER/AVG	
Type <input checked="" type="checkbox"/> Det. <input type="checkbox"/> Att. <input type="checkbox"/> S-Det./End Unit	Basement Area 867 sq. ft.	Roof Surface A/SHINGLE		Trim/Finish WOOD/AVG	
<input checked="" type="checkbox"/> Existing <input type="checkbox"/> Proposed <input type="checkbox"/> Under Const.	Basement Finish 85 %	Gutters & Downspouts ALUMINUM		Bath Floor CERAMIC/AVG	
Design (Style) 1.5 STORY	<input type="checkbox"/> Outside Entry/Exit <input type="checkbox"/> Sump Pump	Window Type VINYL		Bath Wainscot CERAMIC/AVG	
Year Built 1950 (55)	Evidence of <input type="checkbox"/> Infestation NONE NOTED	<input checked="" type="checkbox"/> Insulated YES		Car Storage <input type="checkbox"/> None	
Effective Age (Yrs) 25	<input type="checkbox"/> Dampness <input type="checkbox"/> Settlement	Softens YES		<input type="checkbox"/> Driveway # of Cars	
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) #		Driveway Surface	
<input type="checkbox"/> Drop Stair <input checked="" type="checkbox"/> Stairs	<input type="checkbox"/> Other Fuel GAS	<input type="checkbox"/> Fireplace(s) # <input checked="" type="checkbox"/> Fence C/LINK		<input checked="" type="checkbox"/> Garage # of Cars 1	
<input checked="" type="checkbox"/> Floor <input type="checkbox"/> Scuttle	Cooling <input checked="" type="checkbox"/> Central Air Conditioning	<input checked="" type="checkbox"/> Patio/Deck CONCRETE <input checked="" type="checkbox"/> Porch COVERED		<input type="checkbox"/> Carport # of Cars	
<input checked="" type="checkbox"/> Finished <input checked="" type="checkbox"/> Heated	<input type="checkbox"/> Individual <input type="checkbox"/> Other	<input type="checkbox"/> Pool <input type="checkbox"/> Other		<input type="checkbox"/> Det. <input type="checkbox"/> Built-in	
Appliances <input type="checkbox"/> Refrigerator <input type="checkbox"/> Range/Oven <input type="checkbox"/> Dishwasher <input type="checkbox"/> Disposal <input type="checkbox"/> Microwave <input type="checkbox"/> Washer/Dryer <input type="checkbox"/> Other (describe)					
Finished area above grade contains: 6 Rooms 3 Bedrooms 1 Bath(s) 1217 Square Feet of Gross Living Area Above Grade					
Additional features (special energy efficient items, etc.) VINYL WINDOWS, ROOF, KITCHEN MODERNIZATION, CARPETING, INTERIOR PAINTING					
Describe the condition of the property (including needed repairs, deterioration, renovations, remodeling, etc.). NO FUNCTIONAL OR PHYSICAL INADEQUACIES PRESENT. THE SUBJECT APPEARS TO BE ADEQUATELY MAINTAINED.					
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					
THERE ARE NO KNOWN OR APPARENT ADVERSE ENVIRONMENTAL CONDITIONS THAT WOULD NEGATIVELY IMPACT THE VALUE OF THE PROPERTY IN THE SUBJECT'S IMMEDIATE VICINITY.					
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					

Sales Comparison Approach

Exhibit 5b

- Purpose
 - Examines the price or price per unit area of similar properties
 - Most reliable approach to determining value
 - Independent check on reasonability of an appraised opinion

Sales Comparison Approach

Exhibit 5b

■ Standard Guidelines

- Number of comparables – *minimum of three*
- Proximity to subject – *generally within one mile*
- Date of sale/time – *marketing time of subject and comps to be the same*
- Similar Unit Structures – *compare photos*
- Functionality – *i.e. 4 bed/2 baths vs. 2 bed/1 bath*

Sales Comparison Approach - Adjustments

Exhibit 5b

Address 1234 ANYWHERE STREET DETROIT, MI				15610 ELSEWHERE AVE. DETROIT, MI			
Proximity to Subject	.78 miles						
Sale Price	\$ 120,000						\$ 112,600
Sale Price/Gross Liv. Area	\$ 98.50 sq. ft.		\$ 89.72 sq. ft.				
Data Source(s)	INSPECTION			AGENT/EXT. INSPECTION			
Verification Source(s)	P.A.			APPRAISER FILES			
VALUE ADJUSTMENTS	DESCRIPTION			DESCRIPTION		+(-) \$ Adjustment	
Sale or Financing				NONE			
Concessions				CONVENTIONAL			
Date of Sale/Time				12/3/06			
Location	AVERAGE			AVERAGE			
Leasehold/Fee Simple	FEE SIMPLE			FEE SIMPLE			
Site	40 X 134		40 X 120				0
View	OTHER RES			OTHER RES			
Design (Style)	1.5 STORY/AVG			1.5 STORY/AVG			
Quality of Construction	VINYL/AVG			ALUM/AVG			
Actual Age	1950(55)			1945(59)		0	
Condition	AVERAGE			AVERAGE			
Above Grade	Total	Bdrms.	Baths	Total	Bdrms.	Baths	
Room Count	6	3	1	6	3	1	
Gross Living Area	1217 sq. ft.		1255 sq. ft.				0
Basement & Finished	FINISHED			UNFINISHED		+4000	
Rooms Below Grade	BASEMENT/AVG			BASEMENT		+500	
Functional Utility	AVERAGE			AVERAGE			
Heating/Cooling	GAS/CAC			GAS/0-		+1000	
Energy Efficient Items	WINDOWS			STANDARD		+2000	
Garage/Carport	1 DET GARAGE			2 DET GARAGE		-1500	
Yorch/Patio/Deck /Fence	CP/LINK FENCE KIT/MODZ			SIMILAR KIT/MODZ			
Net Adjustment (Total)				<input checked="" type="checkbox"/> + <input type="checkbox"/> -		\$7000	
Adjusted Sale Price				Net Adj. 6 %			
of Comparables				Gross Adj. 9 %		\$ 119,600	

- Subject property is the baseline
- Comps are compared against it
- If subject has superior amenity, comp is adjusted upward (+)
- If subject has inferior amenity, comp is adjusted downward (-)

Sales Comparison Approach – Adjustments

Exhibit 5b

Address 1234 ANYWHERE STREET DETROIT, MI		15610 ELSEWHERE AVE. DETROIT, MI		14650 NOWHERE CIR DETROIT, MI		15520 WHEREELSE CT DETROIT, MI	
Proximity to Subject		.78 miles		.34 miles		.79 miles	
Sale Price	\$ 120,000		\$ 112,600		\$ 122,500		\$ 135,000
Sale Price/Gross Liv. Area	\$ 98.50 sq. ft.	\$ 89.72 sq. ft.		\$ 94.23 sq. ft.		\$ 96.43 sq. ft.	
Data Source(s)	INSPECTION	AGENT/EXT. INSPECTION		AGENT/EXT. INSPECTION		AGENT/EXT. INSPECTION	
Verification Source(s)	P.A.	APPRAISER FILES		APPRAISER FILES		MLS #000000	
VALUE ADJUSTMENTS	DESCRIPTION	DESCRIPTION	+(-) \$ Adjustment	DESCRIPTION	+(-) \$ Adjustment	DESCRIPTION	+(-) \$ Adjustment
Sale or Financing		NONE		NONE		NONE	
Concessions		CONVENTIONAL		CONVENTIONAL		FHA	
Date of Sale/Time		12/3/06		12/29/06		05/06	
Location	AVERAGE	AVERAGE		AVERAGE		AVERAGE	
Leasehold/Fee Simple	FEE SIMPLE	FEE SIMPLE		FEE SIMPLE		FEE SIMPLE	
Site	40 X 134	40 X 120	0	40 X 128	0	60 X 123	0
View	OTHER RES	OTHER RES		OTHER RES		OTHER RES	
Design (Style)	1.5 STORY/AVG	1.5 STORY/AVG		1.5 STORY/AVG		1.5 STORY/AVG	
Quality of Construction	VINYL/AVG	ALUM/AVG		BRICK/AVG	-2000	BRICK/AVG	-2000
Actual Age	1950(55)	1945(59)	0	1951(54)	0	1953(52)	0
Condition	AVERAGE	AVERAGE		AVERAGE		AVERAGE	
Above Grade	Total Bdrms Baths	Total Bdrms Baths		Total Bdrms Baths		Total Bdrms Baths	
Room Count	6 3 1	6 3 1		6 3 1		6 3 1	
Gross Living Area	1217 sq. ft.	1255 sq. ft.	0	1310 sq. ft.	0	1400 sq. ft.	-2000
Basement & Finished	FINISHED	UNFINISHED	+4000	FINISHED	0	FINISHED	+4000
Rooms Below Grade	BASEMENT/AVG	BASEMENT	+500	BASEMENT/AVG		BASEMENT/LAV	
Functional Utility	AVERAGE	AVERAGE		AVERAGE		AVERAGE	
Heating/Cooling	GAS/CAC	GAS/0-	+1000	GAS/CAC		GAS/CAC	
Energy Efficient Items	WINDOWS	STANDARD	+2000	STANDARD	+2000	FURNACE	+1000
Garage/Carport	1 DET GARAGE	2 DET GARAGE	-1500	2 DET GARAGE	-1500	2 DET GARAGE	
Porch/Patio/Deck /Fence	CP/LINK FENCE KIT/MODZ	SIMILAR KIT/MODZ		SIMILAR KIT/MODZ		SIMILAR KIT/MODZ	
Net Adjustment (Total)		X + -	\$7000	X + -	-500	X + -	\$ 1000
Adjusted Sale Price		Net Adj. 6 %		Net Adj. 1 %		Net Adj. 1 %	
of Comparables		Gross Adj. 9 %	\$ 119,600	Gross Adj. 8 %	\$ 122,000	Gross Adj. 8 %	\$ 136,000

Guidelines

- Line item adjustment = 10%
- Net adjustment = 15%
- Gross adjustment = 25%

10%

15%

25%

Sales Comparison - Bracketing

Exhibit 5b

- Guidelines
 - Use one comparable that is superior
 - Use one comparable that is inferior

Sales Comparison Approach – Bracketing

Exhibit 5b

	Subject ↓	Comp 1 ↓		Comp 2 ↓		Comp 3 ↓	
Basement & Finished Rooms Below Grade	FINISHED BASEMENT/AVG	UNFINISHED BASEMENT	+4000 +500	PART FINISHED BASEMENT/LAV	+2000	FINISHED BASEMENT/LAV	+4000
Functional Utility	AVERAGE	AVERAGE		AVERAGE		AVERAGE	

Sales Comparison Approach- Case Study

Exhibit 4

1. The original appraiser stated that the Subject Property had not sold within 36 months of the valuation date. The retrospective review appraiser verified via local public records that the **Subject Property was sold as a non-MLS sale on 04/15/2004 for \$74,371, which was 12 months prior to the valuation date. In addition, the retrospective review appraiser verified that the Subject Property was listed for sale again on 01/12/2005 for \$59,900 and sold just two months prior to the valuation date on 02/22/2005 for \$56,000.** The retrospective review appraiser also verified that **this sale was actually listed on both the local MLS systems in Detroit.** The Subject Property was previously sold twice prior to the effective date of the original appraiser's valuation and the **original appraiser failed to properly disclose or reconcile either of these sales, which is misleading and a violation of USPAP reporting guidelines.**
2. The original appraiser utilized **comparable sale number one, which was a non-MLS sale that did not sell through the local open market.** The original appraiser also misreported the actual distance of this comparable from the Subject Property as .73 miles away. The retrospective review appraiser **confirmed that this comparable is actually 1.2 miles away from the Subject Property.** In addition, **this property previously sold on 03/29/04 for \$38,000.** This prior sale which occurred nine months prior to the sale listed in the original report **was neither disclosed nor reconciled by the original appraiser.**
3. The original appraiser utilized **comparable sale number two, which was not a suitable property for comparison to the Subject Property as it was a superior brick constructed home and offered newer upgrades which included windows,** which were not adjusted for by the original appraiser. In addition, the original appraiser stated that this comparable was .34 miles from the Subject Property. The retrospective review appraiser verified that this comparable is actually **.66 miles form the Subject Property.**
4. The original appraiser utilized **comparable sale number three, which was not a suitable property for comparison to the Subject Property as this was a superior brick constructed home.** In addition, the original appraiser made an upward adjustment to this sale for an unfinished basement however, **the MLS listing sheet for this sale confirms that this property actually had a finished basement.** Furthermore, the original appraiser reported that this comparable was .79 miles form the Subject Property. The retrospective review appraiser verified that this property is actually **1 mile away from the Subject Property.**

Sales Comparison Approach Review

Exhibit 5b

- Proximity to Subject
 - Are they within 1 mile?
- Sales Price
 - Are they bracketed?
- Data Source
 - Is it MLS or Third-Party resource?

Actual distance = 1.2 miles
Actual distance = .66 miles
Actual distance = 1 mile

There are 3 comparable properties currently offered for sale in the subject neighborhood ranging in price from \$ 112,600 to \$ 135,000							
There are 3 comparable sales in the subject neighborhood within the past twelve months ranging in sale price from \$ 112,600 to \$ 135,000							
FEATURE	SUBJECT	COMPARABLE SALE # 1		COMPARABLE SALE # 2		COMPARABLE SALE # 3	
Address	1234 ANYWHERE STREET DETROIT, MI	15610 ELSEWHERE AVE. DETROIT, MI		14650 NOWHERE CIR DETROIT, MI		15520 WHEREELSE CT DETROIT, MI	
Proximity to Subject		.78 miles		.34 miles		.79 miles	
Sale Price	\$ 120,000	\$ 112,600		\$ 122,500		\$ 135,000	
Sale Price/Gross Liv. Area	\$ 98.50 sq. ft.	\$ 89.72 sq. ft.		\$ 94.23 sq. ft.		\$ 96.43 sq. ft.	
Data Source(s)	INSPECTION	AGENT/EXT. INSPECTION		AGENT/EXT. INSPECTION		AGENT/EXT. INSPECTION	
Verification Source(s)	P.A.	APPRAISER FILES		APPRAISER FILES		MLS #000000	

Non-MLS sale

Sales Comparison Approach Review

Exhibit 5b

- Sales or Financing Concessions
 - How do they impact the value?
- Date of Sale/Time
 - Are they within the last 3-6 months?
- Location
 - Is it similar to subject?

VALUE ADJUSTMENTS	DESCRIPTION			DESCRIPTION			+(-) \$ Adjustment	DESCRIPTION			DESCRIPTION			+(-) \$ Adjustment
Sale or Financing Concessions	NONE			CONVENTIONAL				NONE			CONVENTIONAL			
Date of Sale/Time	12/3/06			12/29/06				05/06						
Location	AVERAGE			AVERAGE				AVERAGE			AVERAGE			
Leasehold/Fee Simple	FEE SIMPLE			FEE SIMPLE				FEE SIMPLE			FEE SIMPLE			
Site	40 X 134			40 X 120			0	40 X 128			60 X 123			0
View	OTHER RES			OTHER RES				OTHER RES			OTHER RES			
Design (Style)	1.5 STORY/AVG			1.5 STORY/AVG				1.5 STORY/AVG			1.5 STORY/AVG			
Quality of Construction	VINYL/AVG			ALUM/AVG				BRICK/AVG			BRICK/AVG			-2000
Actual Age	1950(55)			1945(59)			0	1951(54)			1953(52)			0
Condition	AVERAGE			AVERAGE				AVERAGE			AVERAGE			
Above Grade Room Count	Total	Bd rms.	Baths	Total	Bd rms.	Baths		Total	Bd rms.	Baths	Total	Bd rms.	Baths	
	6	3	1	6	3	1		6	3	1	6	3	1	
Gross Living Area	1217 sq. ft.			1255 sq. ft.			0	1300 sq. ft.			1400 sq. ft.			-2000

Sales Comparison Approach Review

Exhibit 5b

- Leasehold/Fee Simple
 - Are they all fee simple or leasehold?
- Site
 - Is the site adjustment explained and reasonable?
- View
 - Is the site adjustment explained, verified and reasonable?

				Comp 2 Superior			Comp 3 Superior							
VALUE ADJUSTMENTS	DESCRIPTION			DESCRIPTION	+(-) \$ Adjustment	DESCRIPTION			+(-) \$ Adjustment	DESCRIPTION			+(-) \$ Adjustment	
Sale or Financing				NONE		NONE				NONE				
Concessions				CONVENTIONAL		CONVENTIONAL				FHA				
Date of Sale/Time				12/3/06		12/29/06				05/06				
Location	AVERAGE			AVERAGE		AVERAGE				AVERAGE				
Leasehold/Fee Simple	FEE SIMPLE			FEE SIMPLE		FEE SIMPLE				FEE SIMPLE				
Site	40 X 134			40 X 120	0	40 X 128			0	60 X 123			0	
View	OTHER RES			OTHER RES		OTHER RES				OTHER RES				
Design (Style)	1.5 STORY/AVG			1.5 STORY/AVG		1.5 STORY/AVG				1.5 STORY/AVG				
Quality of Construction	VINYL/AVG			ALUM/AVG		BRICK/AVG			-2000	BRICK/AVG			-2000	
Actual Age	1950(55)			1945(59)	0	1951(54)			0	1953(52)			0	
Condition	AVERAGE			AVERAGE		AVERAGE				AVERAGE				
Above Grade	Total	Bdrms.	Baths	Total	Bdrms.	Baths	Total	Bdrms.	Baths	Total	Bdrms.	Baths		
Room Count	6	3	1	6	3	1	6	3	1	6	3	1		
Gross Living Area	1217 sq. ft.			1255 sq. ft.			1300 sq. ft.			0	1400 sq. ft.			-2000

Sales Comparison Approach Review

Exhibit 5b

- Basement & Finished
 - Are they typical of the subject's market?
- Functional Utility
 - Do adjustments reflect items mentioned in the Improvements section?

Sales Comparison Approach Review

Exhibit 5b

- Sales Comparison Grid – Sub-section
 - Provides overview of research, data sources & sales histories
 - Useful to support value
 - Alerts view to possible flip activity

<input checked="" 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 checked="" 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) WARR DEED LAND RECORDS
My research <input type="checkbox"/> Did <input checked="" 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) WARR DEED LAND 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).

Sales Comparison Approach Review

Exhibit 5b

■ Sales Comparison Grid – Sub-section

- Reports the results of research & analysis of sales history
- Summarizes of Sales Comparison Approach
- Indicates Value by Sales Comparison Approach

ITEM	SUBJECT	COMPARABLE SALE # 1	COMPARABLE SALE # 2	COMPARABLE SALE # 3
Date of Prior Sale/Transfer	NONE	NONE	NONE	NONE
Price of Prior Sale/Transfer				
Data Source(s)	WARR DEED/LAND RECORDS	WARR DEED/LAND RECORDS	WARR DEED/LAND RECORDS	WARR DEED/LAND RECORDS
Effective Date of Data Source(s)				
Analysis of prior sale or transfer history of the subject property and comparable sales THE SUBJECT SALES PRICE IS CONSISTENT WITH THE ABOVE ANALYSIS, PRIOR SALES OF THE COMPARABLE PROPERTIES HAVE OCCURRED MORE TWELVE MONTHS AGO. SUBJECT HAS NOT SOLD IN WITHIN THE LAST 36 MONTHS				
Summary of Sales Comparison Approach THE COMPARABLES USED WERE OVER SIX MONTHS OLD TO THE AVAILABILITY OF COMPARABLES AT THE TIME THE APPRAISAL WAS DONE.				
Indicated Value by Sales Comparison Approach \$ 120,000				

Sales Comparison Approach Review

Exhibit 5b

- Sales Comparison Grid – Sub-section
 - Prior sales history

Prior Sales for Subject 4-15-04 for \$74,371 non MLS	Prior Sales for Comp1 3-29-04 for \$38,000
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ITEM	SUBJECT	COMPARABLE SALE # 1	COMPARABLE SALE # 2	COMPARABLE SALE # 3
Date of Prior Sale/Transfer	NONE	NONE	NONE	NONE
Price of Prior Sale/Transfer				
Data Source(s)	WARR DEED/LAND RECORDS	WARR DEED/LAND RECORDS	WARR DEED/LAND RECORDS	WARR DEED/LAND RECORDS
Effective Date of Data Source(s)				

Sales not reported	Sale not reported
--------------------	-------------------

Sales Comparison Approach Review

Exhibit 5b

■ Reconciliation

- Review of reasonableness and reliability of the data
- "As Is"
- Subject to Completion of plans & specs
- Subject to the following repairs or alterations
- Subject to the following required inspection
- Opinion of value

R E C O N C I L I A T I O N	Indicated Value by: Sales Comparison Approach \$ 120,000	Cost Approach (if developed) \$ 121,170	Income Approach (if developed) \$ N/A
	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:		
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 \$ 120,000 , as of 4/7/05 , which is the date of inspection and the effective date of this appraisal.			

Sales Comparison Approach Review

Exhibit 5c

- Page 3
 - Additional comments
 - Cost approach
 - Income approach

Sales Comparison Approach Review

Exhibit 5c

- Page 3
 - PUD information

PROJECT INFORMATION FOR PUDs (if applicable)		
Is the developer/builder in control of the Homeowners' Association (HOA)?	Yes <input type="checkbox"/> No <input type="checkbox"/>	Unit type(s) <input 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? Yes <input type="checkbox"/> No <input type="checkbox"/> 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		

Sales Comparison Approach Review

Exhibit 5d,e & f

- Page 4
 - Provides instructions for the appraiser
- Page 5 & 6
 - Appraiser's certification

Appraisal Exhibits

- Floor plan or sketch
- Subject photographs
- Comparable photographs
- Maps
- Additional Addendums

Individual Condominium Appraisal Report Review



Condominium Property Definition

Individual Condominium Unit Appraisal Report	Condominium	Interior & Exterior	1073	465
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- Condominium
 - Owner *owns* the space inside the unit
 - Unit owner *owns* an undivided interest in the common areas
- Condominium Conversion
 - Same ownership as condominium
 - Converted through a filing of a legal Declaration of Condominium

Review Differences between the URAR and Individual Condominium Unit Appraisal Report



Condo Appraisal – Subject Section

Exhibit 6a


- Unit #
- Project Name
- Phase
- Special Assessment

Individual Condominium Unit Appraisal Report					File #
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	Unit #		State	Zip Code	
Borrower	Owner of Public Record		County		
Legal Description					
Assessor's Parcel #		Tax Year		R.E. Taxes \$	
Project Name	Phase #	Map Reference		Census Tract	
Occupant <input type="checkbox"/> Owner <input type="checkbox"/> Tenant <input type="checkbox"/> Vacant	Special Assessments \$	HOA \$		<input type="checkbox"/> per year <input type="checkbox"/> per month	
Property Rights Appraised <input 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).					

Condo Appraisal – Contract Section

Exhibit 6a

- Charges/Concessions Paid by Seller

C O N T R A C T	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. 		

Condo Appraisal – Project Information

Exhibit 6a

- Purpose
 - Provides physical description of the overall project

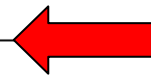
Data source(s) for project information							
Project Description <input type="checkbox"/> Detached <input type="checkbox"/> Row or Townhouse <input type="checkbox"/> Garden <input type="checkbox"/> Mid-Rise <input type="checkbox"/> High-Rise <input type="checkbox"/> Other (describe)							
PROJECT INFORMATION	General Description	General Description	Subject Phase		If Project Completed	If Project Incomplete	
	# of Stories	Exterior Walls	# of Units		# of Phases	# of Planned Phases	
	# of Elevators	Roof Surface	# of Units Completed		# of Units	# of Planned Units	
	<input type="checkbox"/> Existing <input type="checkbox"/> Proposed	Total # Parking	# of Units For Sale		# of Units for Sale	# of Units for Sale	
	<input type="checkbox"/> Under Construction	Ratio (spaces/units)	# of Units Sold		# of Units Sold	# of Units Sold	
	Year Built	Type	# of Units Rented		# of Units Rented	# of Units Rented	
	Effective Age	Guest Parking	# of Owner Occupied Units		# of Owner Occupied Units	# of Owner Occupied Units	
	Project Primary Occupancy <input type="checkbox"/> Principle Residence <input type="checkbox"/> Second Home or Recreational <input type="checkbox"/> Tenant						
	Is the developer/builder in control of the Homeowners' Association (HOA)? <input type="checkbox"/> Yes <input type="checkbox"/> No						
	Management Group – <input type="checkbox"/> Homeowners' Association <input type="checkbox"/> Developer <input type="checkbox"/> Management Agent – Provide name of management company.						
Does any single entity (the same individual, investor group, corporation, etc.) own more than 10% of the total units in the project? <input type="checkbox"/> Yes <input type="checkbox"/> No If Yes, describe							
Was the project created by the conversion of an existing building(s) into a condominium? <input type="checkbox"/> Yes <input type="checkbox"/> No If Yes, describe the original use and the date of conversion.							
Are the units, common elements, and recreation facilities complete (including any planned rehabilitation for a condominium conversion)? <input type="checkbox"/> Yes <input type="checkbox"/> No If No, describe							
Is there any commercial space in the project? <input type="checkbox"/> Yes <input type="checkbox"/> No If Yes, describe and indicate the overall percentage of the commercial space.							

Condo Appraisal – Project Information

Exhibit 6a

- Data source
 - Identifies source of data
- Project description
 - Identifies the condo classification

Data source(s) for project information						
Project Description <input type="checkbox"/> Detached <input type="checkbox"/> Row or Townhouse <input type="checkbox"/> Garden <input type="checkbox"/> Mid-Rise <input type="checkbox"/> High-Rise <input type="checkbox"/> Other (describe)						
PROJECT	General Description	General Description	Subject Phase	If Project Completed		If Project Incomplete
	# of Stories	Exterior Walls	# of Units	# of Phases	# of Planned Phases	
	# of Elevators	Roof Surface	# of Units Completed	# of Units	# of Planned Units	
	<input type="checkbox"/> Existing <input type="checkbox"/> Proposed	Total # Parking	# of Units For Sale	# of Units for Sale	# of Units for Sale	
	<input type="checkbox"/> Under Construction	Ratio (spaces/units)	# of Units Sold	# of Units Sold	# of Units Sold	
	Year Built	Type	# of Units Rented	# of Units Rented	# of Units Rented	
	Effective Age	Guest Parking	# of Owner Occupied Units	# of Owner Occupied Units	# of Owner Occupied Units	



Condo Appraisal – Project Information

Exhibit 6a

- Data source
 - Identifies source of data
- Project description
 - Identifies the condo classification

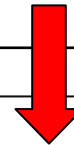
Data source(s) for project information					
Project Description <input type="checkbox"/> Detached <input type="checkbox"/> Row or Townhouse <input type="checkbox"/> Garden <input checked="" type="checkbox"/> Mid-Rise <input type="checkbox"/> High-Rise <input type="checkbox"/> Other (describe)					
General Description	General Description	Subject Phase		If Project Completed	
# of Stories	Exterior Walls	# of Units		# of Phases	# of Planned Phases
# of Elevators	Roof Surface	# of Units Completed		# of Units	# of Planned Units
<input type="checkbox"/> Existing <input type="checkbox"/> Proposed	Total # Parking	# of Units For Sale		# of Units for Sale	# of Units for Sale
<input type="checkbox"/> Under Construction	Ratio (spaces/units)	# of Units Sold		# of Units Sold	# of Units Sold
Year Built	Type	# of Units Rented		# of Units Rented	# of Units Rented
Effective Age	Guest Parking	# of Owner Occupied Units		# of Owner Occupied Units	# of Owner Occupied Units

Condo Appraisal – Project Information

Exhibit 6a

- Data source
 - Identifies source of data
- Project description
 - Identifies the condo classification

Data source(s) for project information						
Project Description <input type="checkbox"/> Detached <input type="checkbox"/> Row or Townhouse <input type="checkbox"/> Garden <input type="checkbox"/> Mid-Rise <input type="checkbox"/> High-Rise <input type="checkbox"/> Other (describe)						
PROJECT	General Description	General Description	Subject Phase	If Project Completed		If Project Incomplete
	# of Stories	Exterior Walls	# of Units	# of Phases	# of Planned Phases	
	# of Elevators	Roof Surface	# of Units Completed	# of Units	# of Planned Units	
	<input type="checkbox"/> Existing <input type="checkbox"/> Proposed	Total # Parking	# of Units For Sale	# of Units for Sale	# of Units for Sale	
	<input type="checkbox"/> Under Construction	Ratio (spaces/units)	# of Units Sold	# of Units Sold	# of Units Sold	
	Year Built	Type	# of Units Rented	# of Units Rented	# of Units Rented	
	Effective Age	Guest Parking	# of Owner Occupied Units	# of Owner Occupied Units	# of Owner Occupied Units	



Condo Appraisal – Project Information

Exhibit 6a

- Project primary Occupancy
 - May indicate the type of eligible loan program
- Developer/builder in control of HOA
 - Has control been transferred to the unit owners?
- Single entity ownership
 - Cross check for primary project ownership and HOA control

C T I N F O R M A T I O N	Project Primary Occupancy <input type="checkbox"/> Principle Residence <input type="checkbox"/> Second Home or Recreational <input type="checkbox"/> Tenant
	Is the developer/builder in control of the Homeowners' Association (HOA)? <input type="checkbox"/> Yes <input type="checkbox"/> No
	Management Group – <input type="checkbox"/> Homeowners' Association <input type="checkbox"/> Developer <input type="checkbox"/> Management Agent – Provide name of management company.
	Does any single entity (the same individual, investor group, corporation, etc.) own more than 10% of the total units in the project? <input type="checkbox"/> Yes <input type="checkbox"/> No If Yes, describe
	Was the project created by the conversion of an existing building(s) into a condominium? <input type="checkbox"/> Yes <input type="checkbox"/> No If Yes, describe the original use and the date of conversion.
	Are the units, common elements, and recreation facilities complete (including any planned rehabilitation for a condominium conversion)? <input type="checkbox"/> Yes <input type="checkbox"/> No If No, describe
	Is there any commercial space in the project? <input type="checkbox"/> Yes <input type="checkbox"/> No If Yes, describe and indicate the overall percentage of the commercial space.

Condo Appraisal – Project Information

Exhibit 6a

- Condo conversion
 - Is the condo a conversion?
- Common elements complete
 - Are the common elements complete?
- Commercial space
 - What percentage is non-residential use?

C O N D O I N F O R M A T I O N	Project Primary Occupancy <input type="checkbox"/> Principle Residence <input type="checkbox"/> Second Home or Recreational <input type="checkbox"/> Tenant
	Is the developer/builder in control of the Homeowners' Association (HOA)? <input type="checkbox"/> Yes <input type="checkbox"/> No
	Management Group – <input type="checkbox"/> Homeowners' Association <input type="checkbox"/> Developer <input type="checkbox"/> Management Agent – Provide name of management company.
	Does any single entity (the same individual, investor group, corporation, etc.) own more than 10% of the total units in the project? <input type="checkbox"/> Yes <input type="checkbox"/> No If Yes, describe
	Was the project created by the conversion of an existing building(s) into a condominium? <input type="checkbox"/> Yes <input type="checkbox"/> No If Yes, describe the original use and the date of conversion.
	Are the units, common elements, and recreation facilities complete (including any planned rehabilitation for a condominium conversion)? <input type="checkbox"/> Yes <input type="checkbox"/> No If No, describe
	Is there any commercial space in the project? <input type="checkbox"/> Yes <input type="checkbox"/> No If Yes, describe and indicate the overall percentage of the commercial space.

Condo Appraisal – Project Information

Exhibit 6b

- Condition of project/quality construction
- Describe common elements
- Any common elements leased
- Subject to ground rent
- Are the parking facilities adequate?

P R O J E C T I N F O R M A T I O N	Describe the condition of the project and quality of construction.
	Describe the common elements and recreational facilities.
	Are any 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.
	Is the project subject to ground rent? <input type="checkbox"/> Yes <input type="checkbox"/> No If Yes, \$ _____ per year (describe terms and conditions)
Are the parking facilities adequate for the project size and type? <input type="checkbox"/> Yes <input type="checkbox"/> No If No, describe and comment on the effect on value and marketability.	

Condo Appraisal – Project Analysis

Exhibit 6b

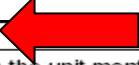

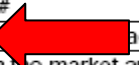

- Purpose
 - Project budgets
 - Fees
 - Competitive projects
 - Unusual characteristics

P R O J E C T A N A L Y S I S	I <input type="checkbox"/> did <input type="checkbox"/> did not analyze the condominium project budget for the current year. Explain the results of the analysis of the budget (adequacy of fees, reserves, etc.), or why the analysis was not performed.
	Are there any other fees (other than regular HOA charges) for the use of the project facilities? <input type="checkbox"/> Yes <input type="checkbox"/> No If Yes, report the charges and describe.
Compared to other competitive projects of similar quality and design, the subject unit charge appears <input type="checkbox"/> High <input type="checkbox"/> Average <input type="checkbox"/> Low If High or Low, describe	
Are there any special or unusual characteristics of the project (based on the condominium documents, HOA meetings, or other information) known to the appraiser? <input type="checkbox"/> Yes <input type="checkbox"/> No If Yes, describe and explain the effect on value and marketability.	

Condo Appraisal – Unit Description

Exhibit 6b

- Unit charge
- Floor location
- Square footage
- Utilities

Unit Charge \$  per month X 12 = \$ _____ per year		Annual assessment charge per year per square feet of gross living area = \$ _____		
Utilities included in the unit monthly assessment <input type="checkbox"/> None <input type="checkbox"/> Heat <input type="checkbox"/> Air Conditioning <input type="checkbox"/> Electricity <input type="checkbox"/> Gas <input type="checkbox"/> Water <input type="checkbox"/> Sewer <input type="checkbox"/> Cable <input type="checkbox"/> Other (describe)				
General Description	Interior materials/condition	Amenities	Appliances	Car Storage
Floor # 	Floors	<input type="checkbox"/> Fireplace(s) #	<input type="checkbox"/> Refrigerator	<input type="checkbox"/> None
# of Levels	Walls	<input type="checkbox"/> Woodstove(s) #	<input type="checkbox"/> Range/Oven	<input type="checkbox"/> Garage <input type="checkbox"/> Covered <input type="checkbox"/> Open
Heating Type Fuel	Trim/Finish	<input type="checkbox"/> Deck/Patio	<input type="checkbox"/> Disp <input type="checkbox"/> Microwave	# of Cars
<input type="checkbox"/> Central AC <input type="checkbox"/> Individual AC	Bath Wainscot	<input type="checkbox"/> Porch/Balcony	<input type="checkbox"/> Dishwasher	<input type="checkbox"/> Assigned <input type="checkbox"/> Owned
<input type="checkbox"/> Other (describe)	Doors	<input type="checkbox"/> Other	<input type="checkbox"/> Washer/Dryer	Parking Space # 
Finished area above grade contains: _____ Rooms _____ Bedrooms _____ Bath(s) _____ Square Feet of Gross Living Area _____		Grade		
Are the heating and cooling for the individual units separately metered? <input type="checkbox"/> Yes <input type="checkbox"/> No If No, describe and comment on compatibility to other projects in the market area.				
Additional features (special energy efficient items, etc.) 				
Describe the condition of the property (including needed repairs, deterioration, renovations, remodeling, etc.).				
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				

Condo Appraisal - Sales Comparison Approach

Exhibit 6c

- Standard Guidelines
 - Number of comparables – *new projects no resale history*
 - 1 in project, 2 from a competing project by another builder/developer
 - Number of comparables – *existing projects no resale history*
 - 2 in project, 1 from a competing project by another builder/developer

Condo Appraisal – Sales Comparison Approach

Exhibit 6c

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 and Unit #										
Project Name and Phase										
Proximity to Subject										
Sale Price		\$			\$			\$		
Sale Price/Gross Liv. Area		\$ sq. ft.			\$ sq. ft.			\$ sq. ft.		
Data Source(s)										
Verification Source(s)										
VALUE ADJUSTMENTS	DESCRIPTION	DESCRIPTION	+(-) \$ Adjustment	DESCRIPTION	+(-) \$ Adjustment	DESCRIPTION	+(-) \$ Adjustment			
Sale or Financing Concessions										
Date of Sale/Time										
Location										
Leasehold/Fee Simple										
HOA Mo. Assessment										
Common Elements and Rec. Facilities										
Floor Location										
View										
Design (Style)										
Quality of Construction										
Actual Age										
Condition										
Above Grade Room Count		Total	Bdms.	Baths	Total	Bdms.	Baths	Total	Bdms.	Baths
Gross Living Area		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 Adj. %			Net Adj. %			Net Adj. %		
		Gross Adj. % \$			Gross Adj. % \$			Gross Adj. % \$		

- Location & view
- Unit fees
- Common elements
- Project size/type

Warrantable Condo

- Lender's responsibility to warrant the project
- Lender must indicate how they warranted the project
- Mortgage insurer not responsible for project warranty
- Project warranty does not ensure MI eligibility
- PMI does not lend on unwarranted projects
- PMIs condominium guidelines have changed as of 12/1/08

Purpose of the Appraisal

- Confirm property value
 - *Is market value based on the highest and best use?*
 - *Does the value support the transaction's sales price?*

- Confirm property condition
 - *Is the property habitable and in 'lending' condition?*

- Confirm property marketability
 - *Does the property conform to the neighborhood?*
 - *Could it be resold?*

Sarge Recommends Alternative Verification Sources



- Location of Comps
 - www.mapquest.com (free): measures distance to comps
 - www.city-data.com (free): determines if comps share the same school systems, employment bases, etc.
- Estimated Value
 - www.zillow.com (free): provides markets/price range
 - www.appintelligence.com/valverify/index.html (fee): provides complete range of values and comparable property details in real time, three dimensions of flip tests, test model that predicts the presence of overvaluations or fraud, potential variances and step-by-step recommendations on how to resolve the variances
 - www.ofheo.gov (free): provides housing price index and appreciation rates
 - http://www.ofheo.gov/hpi_city.aspx HPI by MSA
 - www.realtor.org (free): provides median price ranges
 - <http://www.realtor.org/research/research/ehspage?lid=ronav0010>: price ranges
 - www2.standardandpoors.com (free): provides regional and composite indices based on purchase price and related information obtained from county assessor and recorder offices
 - http://www2.standardandpoors.com/portal/site/sp/en/us/page.topic/indices_csmahp/0,0,0,0,0,0,0,0,0,1,1,0,0,0,0,0.html

Sarge Recommends Condo Resources



- Fannie Mae Condo Warranty Training
 - <https://www.efanniemae.com/lc/ou/websem/index.jsp#>
- Fannie Mae Project Review Process
 - <https://www.efanniemae.com/sf/guides/ssg/relatedsellinginfo/condogls/pdf/projrevdiagram.pdf>
- PMI's Condominium Guideline Changes – Effective 12/1/08
 - http://www.pmi-us.com/guidelinechanges/media/pmi_eligibilityandgdchanges_120108.pdf

Sarge Recommends GSE Declining Market Resources



■ Fannie Mae Announcements

- 08-06 Updates and Clarifications to Maximum Financing in Declining Markets Policy
- 07-22 Maximum Financing in Declining Markets
- 07-11 Collateral Valuation Practices and Declining Markets
- LINK: <https://www.efanniemae.com/sf/guides/ssg/2007annlenltr.jsp>

■ Freddie Mac Bulletins

- Determining Declining markets
- Link:
http://www.freddiemac.com/singlefamily/news/newsletter/2007/12/1115_guide.html

Sarge Recommends PMI Declining Market Resources



- Resources relative to declining markets
 - Keys to Appraisal Review in Distressed or Declining Markets
 - http://www.pmi-us.com/media/pdf/resourcecenter/uwguides/pmi_keystoappraisal.pdf
- PMI Distressed Market Policy
 - http://www.pmi-us.com/guidelinechanges/media/pmi_distressmktspolicy.pdf
- PMI Zip Map
 - <http://www.pmi-us.com/map/>
- PMI Distressed Markets List
 - http://www.pmi-us.com/guidelinechanges/media/pmi_distressedmktlist_eff060108.pdf

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- Make your job easier by utilizing PMI's tools and job aids...

<http://www.pmi-us.com/bootcamp/toolkits.html>

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- Appraisal Toolkit
- Full Doc Processing Toolkit
- Red Flags Toolkit

- **Booklets**

- Self-Employed Borrower Workbook
- Red Flags Workbook
- Loan Processing Workbook
- Appraisal Workbooks

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http://www.pmi-us.com/bootcamp/webinar_overview.html

- Blueprint for Originations
- Calculating Income Beyond the Salaried Borrower
- Analyzing Personal Tax Returns
- Analyzing Business Tax Returns
- Identifying Red Flags



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