

Appraisal Checklist

Loan # _____ Borrower Name _____

Single Family Appraisal or Marketability Report type required:

1004
 2055 Exterior Only
 2070 Exterior Only
 2075 Exterior Only

*This appraisal checklist is a TOOL only and does not constitute an approval of the appraisal.
 **For Condominiums use 1073 or 1075. Manufactured Homes use 1004C, and for 2-4 Family use 1025.

APPRAISAL TYPE		
Yes <input type="checkbox"/>	No <input type="checkbox"/>	Do you have the correct appraisal (or better) as requested by the DU Finding or LP Feedback?

PHOTOS/LOCATION MAP <i>Look at these first!</i>				ACTIONS/COMMENTS	NOTES
1.	Does the subject appear to need repairs?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If Yes – And appraiser did not require repairs to be completed, the appraiser must comment on repairs and provide cost to cure.	
2.	Do the comps appear to be similar to the subject in appearance/design and condition?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If No – Check location map to insure sales are from subject's neighborhood.	
3.	Do the photos and map of the subject coincide with the descriptions in the neighborhood section with regard to build up and density (urban, suburban, rural)?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If No – Have Appraiser provide necessary clarifications and/or corrections.	
4.	Does the street view show any boarded-up or vacant buildings?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If Yes – Appraiser must comment on any external inadequacies of the surrounding neighborhood and whether area is in a state of rehab or decline. NOTE: Comps must come from the same neighborhood.	
5.	Are the comps in a similarly populated area?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If No – Appraiser must comment on differences in population and how it would affect the marketability of subject.	
6.	Is the subject and/or comps located near any external influences (highways, railroad tracks, mountain, golf course, etc.)?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If Yes – <ul style="list-style-type: none"> ▪ Negative (major highways, railroad tracks, etc.) <ul style="list-style-type: none"> - If subject is located near any of these influences, there must be at least one comp that has the same negative influence and the appraiser must explain any negative impact these items may have on our subject's marketability . ▪ Positive (ocean, lake, mountain, golf course, etc.) <ul style="list-style-type: none"> - If <u>all</u> comps are located near any of these influences <u>and</u> the subject is <u>NOT</u>, the Appraiser must provide additional comps (even if no adjustments were made). 	

SUBJECT				ACTION/COMMENTS	NOTES
7.	Does the property address match the loan application and the sales contract?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If No – Appraiser and/or Lender must clarify and make appropriate corrections.	
8.	Is the owner of record consistent with the loan file documentation?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If No – Appraiser should clarify and make appropriate corrections. If refinance of primary residence, borrower and owner of record should be same and occupancy should be owner, not tenant or vacant. If purchase and seller is an LLC, pay attention to the remainder of the appraisal to make sure you do not have a flip transaction. Many transactions involving LLC's have resulted in flips and inflated values.	
9.	Are the property rights appraised fee simple?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If No – Check Lender guidelines for leasehold acceptability .	
10.	Is the subject property located in a PUD or CONDO Project?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If Yes – <ul style="list-style-type: none"> ▪ Look for HOA fees. ▪ If PUD – PUD section may need to be completed. NOTE: With the exception of Site Condos that are located in projects that consist exclusively of detached dwellings, condos must be appraised on Form 1073 or Form 1075 (Form 1075 may be used only when allowed by DU or LP).	
12.	Does the special assessments field contain an amount?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If Yes – include in monthly PITI (if it will be a monthly charge).	
13.	Does the HOA field contain an amount?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If Yes – include in monthly PITI.	

14.	Does the amount of monthly taxes listed on the appraisal support the amount shown in the PITI payment?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If No – Correct PITI. NOTE: If new construction confirm accurate amount.	
15.	Has the subject been listed for sale within the 12 months preceding the appraisal date?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If Yes – Check investor guidelines. Properties listed for sale in the last 6 to 12 months may not be eligible for individual investors or programs. NOTE: If Refinance, property cannot currently be listed. If it is listed (unless investor guidelines differ) it should be removed from the market – Appraiser must verify its removal and an acceptable explanation letter from borrower is required.	

CONTRACT			ACTIONS/COMMENTS	NOTES	
16.	Did the appraiser review the sales contract?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If No – Appraiser must review the sales contract on all purchase transactions.	
17.	Does the information in this section of the appraisal agree with the information on sales contract?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If No – Appraiser needs to clarify and make corrections.	
18.	Are any indicated seller concessions within lender/program guidelines?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	Be prepared to review adjustments to comps if needed.	

NEIGHBORHOOD			ACTIONS/COMMENTS	NOTES	
The information provided in this section will set the basis for the remainder of the report. Review closely for inconsistencies with other sections of the report.					
19.	Is the location rural?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If Yes – Check investor guidelines for rural property . NOTE: Pay attention to the other characteristics of the property (zoning, land use, degree of development, etc.) to determine whether property should be considered residential.	
20.	Does the location designati on match what the map reflects (urban, suburban, rural)?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If No – Appraiser must provide acceptable explanation for differences.	
21.	Is the neighborhood less than 25% built up?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If Yes – Appraiser must provide acceptable comments on degree of development. NOTE: Degree of development may indicate whether property is truly residential. Be sure that the property is not, in fact agricultural in nature. In addition, be sure that the appraiser has not used build up to describe the subdivision alone.	
22.	Are property values declining?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If Yes – Check investor guidelines. NOTE: Some investors (as well as RMIC) will not allow maximum financing on properties in a declining market. Loan amount may need to be adjusted down.	
23.	Does the demand/supply reflect an over supply?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If Yes – Check investor guidelines. Appraiser must comment on the reason and its affect on the subject's value. An oversupply usually means that the properties are selling slowly with a lot of competition.	
24.	Is the marketing time more than six months? Is it consistent with the demand/supply?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If Yes – Appraiser must comment on the reason and its affect on the subject's value.	
25.	Purchase transactions - is the sales price within the neighborhood price range?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If No – Appraiser must comment on its affect on marketability of subject property .	
26.	Are there any land use changes (i.e. residential to commercial)?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If Yes – Appraiser must indicate the anticipated land use and comment on its affect on marketability of subject property .	
27.	Are the appraiser's comments consistent with what is reflected on the map?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If No – Appraiser to provide further clarification. Example: Map reflects subject in a subdivision and comps are all outside of a subdivision.	
28.	Are the appraiser's comments consistent with the other neighborhood information?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If No – Appraiser to provide further clarification. Example: Marketing time vs. sale date of comps.	

SITE			ACTIONS/COMMENTS	NOTES	
29.	Does the site area meet the lender's guidelines (i.e. maximum acreage limitations)?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If No – Loan may need to be declined or switched to another program that allows amount of acreage.	

30.	Is the zoning classified as non-conforming or illegal? Is the property in an area where there is no zoning?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	<p>If Yes – Non-Conforming legal use:</p> <ul style="list-style-type: none"> 1-4 family or PUD – Appraiser’s analysis must reflect any adverse affect on the value and marketability of the property. Most investors require that properties can be rebuilt in the event of partial or full destruction. Condo or Co-op – Appraiser must indicate that property can be rebuilt in the event of a partial or full destruction. <u>File must include copy of zoning regulations or letter from zoning authority that authorizes reconstruction to current density.</u> <p>Illegal use (zoned 1 family or 2-4 family):</p> <ul style="list-style-type: none"> 1 - 2 unit w/illegal additional unit or accessory apartment (i.e. mother-in-law suite) – must conform to the subject neighborhood and market. Appraiser must demonstrate that improvements are typical for market through analysis of at <u>least 3 comps that have the same illegal use.</u> <p>NOTE: The size and value of the additional unit (apartment, etc.) should be of insignificant value as compared to the total value.</p> <ul style="list-style-type: none"> 3-4 units w/illegal accessory apartment – IS NOT eligible for sale to the agencies. <p>No Zoning:</p> <ul style="list-style-type: none"> Be sure that this is acceptable to the investor. The property must be primarily residential in use, with no income producing agricultural activity. 	
31.	Is the present use indicated to be the highest and best use as improved?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If No – Agencies will not purchase properties that do not constitute the highest and best use and it must be residential.	
32.	Are there any negative comments in the site section?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If Yes – Carefully review to make sure there is not anything that would have a negative affect on marketability of subject	
33.	Is the property located on a private road?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If Yes – Recorded road maintenance agreement required.	

IMPROVEMENTS			ACTIONS/COMMENTS	NOTES	
34.	Is there a substantial difference between the actual age of the property and the effective age?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	<p>If Yes – Appraiser must comment that property has been maintained better than others in the area and <u>support</u> the reported effective age.</p> <p>NOTE:</p> <ul style="list-style-type: none"> This area is one of the most abused sections of the appraisal. Large unsupported differences between age and effective age will result in an inflated value. If a building is very well maintained, its effective age will be less than its actual age. If it has been poorly maintained, its effective age may be greater. If it has received some upkeep, its effective age and actual age may be the same. 	
35.	Is there an indication of foundation dampness, settlement or infestation?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	<p>If Yes –</p> <ul style="list-style-type: none"> Appraiser must comment on its affect on marketability and value of the subject. The underwriter may need to condition for evidence that the problem has been corrected or to provide a professional report indicating that the problem does not pose any threat of structural damage to the improvements. 	
36.	Is the heating system continuous?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If No – Is it adequate to heat the property and do the comps support the same type system?	
37.	Does the room count and square footage agree with page two of the report and the building sketch?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	<p>If No – Appraiser must correct.</p> <p>NOTE – Pay particular attention to any below grade area to make sure Appraiser is not including this in the gross living area.</p>	
38.	Does the interior condition description reflect any “fair, poor or inadequate” ratings?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If Yes – Appraiser must address impact on value and marketability and make appropriate adjustments in the sales comparison section.	
39.	Are there any negative comments in the improvements section, if appraisal is “not” subject to repairs?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	<p>If Yes – Appraiser may need to comment further. Example – If repairs are needed, make sure they will not affect the structural integrity of the property. If they will, repairs should be made prior to closing.</p> <p>NOTE: This is where the appraiser should comment on condition of property and make sure it supports the subjects effective age as indicated in #34 above.</p>	

SALES COMPARISON APPROACH			ACTIONS/COMMENTS	NOTES	
40.	Did the appraiser indicate number of comparable properties currently listed and sold in the neighborhood?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	<p>If No – Request Appraiser to complete. This section must be completed by the Appraiser as it provides the underwriter with good information about the available “pool” of comparables in the neighborhood.</p>	

41.	Is the source of data acceptable?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If No – Appraiser must re-verify the data with a party that is acceptable or use additional sources. NOTE: The appraiser must use a source that provides quality sales data that is confirmed or verified by closed or settled transactions. Data source cannot have a financial interest in the sale or financing of subject property.	
42.	Are the comparable sales located within subject neighborhood based on the location (urban, suburban, rural)? NOTE: ▪ If the subject is located in a rural area that is relatively undeveloped or one in which properties often have large lot sizes, reasonable comparables may be a considerable distance from the subject property. If the subject property is located in a suburban or urban area, comparable properties should generally be in the immediate vicinity of the property since suburban and urban areas are usually more highly developed. ▪ Pay attention to the map as well as the proximity to subject.	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If No – Appraiser should adequately explain why he has chosen comps outside of the neighborhood and why a competing neighborhood is comparable to the subject neighborhood. ▪ Is the subject Rural, which may require comps further away than normally desired? ▪ Are we in a location that is < 25% built up? NOTE: ▪ The following will likely result in inflated property value. - Leaving the neighborhood (market area) for comps (when local comps are available). - Not confirming details of comps (i.e. failing to report and adjust for seller concessions, failing to properly adjust for quality/condition issues). ▪ If appraiser has to leave the neighborhood to obtain a better comp, they should explain “why better comps are not located w/in the subject’s market area”. - Consider an older sale in immediate area. - Consider a listing as added support. - Request price ranges of houses in the other neighborhoods. ▪ Leaving the neighborhood <u>IS justified</u> when: - Site influence (water, golf course, etc.). - Few sales, few listings (undersupply). - Unique area (historical, etc.). - Rural or non-conforming area. ▪ Leaving the neighborhood <u>IS NOT justified</u> when: - No sales in neighborhood high enough to support contract price or refinance amount. - Subject is unique for the neighborhood. - Subject is largest in the neighborhood. - Subject is newest in the neighborhood. - Lender has requested it.	
43.	Are there three comparable sales that have closed within 6 months of the appraisal date?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If No – Appraiser must adequately explain reasoning for using comps older than 6 months. <u>In Stable Markets</u> ▪ Older comps may be used if the appraiser believes it is appropriate and selects comps that are the best indicators of value. ▪ The entire appraisal (neighborhood section, i.e. marketing time and comments) should adequately support the need for using older comps. <u>In Declining Markets</u> ▪ All comps should be < 12 months old. ▪ If all comps are older than 6 months, obtain at least 2 additional recently closed comps. ▪ If recent comps are not available, obtain analysis of recent listings from appraiser. ▪ If appraiser indicates there are no recent comps or listing, appraiser must address the market conditions and fully explain adjustments to ensure appraised value is not overstated. ▪ Third party resources can be leveraged (AVM, etc.); however keep in mind data may lag behind the current market, especially if declining.	
44.	Is property in a new subdivision or a new (or recently converted) condo or PUD project?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If Yes – Appraiser must provide at least 1 comp from the subject subdivision or project and one comp from outside the subject subdivision or project. NOTE: At least one of the comparables used MUST be outside of the influence of the builder/developer/seller, and it is preferred that any comparables from within the subject subdivision not involve the builder or developer of the subject property.	

45.	Are the comparables similar to the subject? Compare the locations, designs, gross living areas, room counts, ages, conditions and other amenities of the comparables to the subject.	Yes <input type="checkbox"/>	No <input type="checkbox"/>	<p>If No – Appraiser must explain why the specific comps were chosen. Adjustments to the comparables must be reasonable and should be explained and supported.</p> <p>BE AWARE OF:</p> <ul style="list-style-type: none"> ▪ Comps outside of the 10%, 15% and 25% guidelines. ▪ Whether the sales price was bracketed. ▪ Use of across the board adjustments (particularly if not explained or supported by information). ▪ Square footage adjustments that are not the same for each comp. <p>Remember to ask the Appraiser to provide an explanation for items and/or adjustments that don't make sense!</p>	
46.	Is our subject a Non-Traditional/Atypical home (Log, Earth, Geodesic)?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	<p>If Yes – Check investor guidelines for acceptable property types.</p> <ul style="list-style-type: none"> ▪ Does it conform to the neighborhood? ▪ Has the appraiser provided adequate information to develop a reliable market value? <p>NOTE:</p> <ul style="list-style-type: none"> ▪ <u>The property is Acceptable</u> – If the appraiser cannot locate recent comps of the same design and appeal, but is able to determine sound adjustments for the differences to demonstrate the marketability of the property – based on older comps, comps in competing neighborhoods, existence of similar properties in the market area, etc. ▪ <u>The property is NOT Acceptable</u> – If the appraiser is unable to find any evidence of market acceptance and the property is so significantly different that value cannot be established. 	
47.	Has the subject had any prior sales within the 36 months preceding the appraisal date?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	<p>If Yes –</p> <ul style="list-style-type: none"> ▪ Is there a substantial increase in value? ▪ Is it reasonable? ▪ If not, appraiser must provide further information on previous sale and any repairs/renovations along with dollar amount of repairs/renovations. 	
48.	Have the comps had any prior sales within the 12 months preceding the appraisal date?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	<p>If Yes – Is there a substantial increase in value? Is it reasonable? If not, appraiser must provide further information on previous sale and any repairs/renovations.</p>	

**** Look closely at the comparables and ask yourself "would the purchaser have considered these as alternatives to the subject property?"**

RECONCILIATION				ACTIONS/COMMENTS	NOTES
49.	Is the appraisal made "subject to completion, repairs or inspections"?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	<p>If Yes – Condition for property completion/repairs/inspections.</p>	
50.	Is the appraisal less than twelve months old? Will it be at the time of loan closing?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	<p>If No – Appraisal cannot be more than 12 months old at time of closing otherwise a new appraisal will be needed.</p> <p>FNMA</p> <ul style="list-style-type: none"> ▪ If appraisal is over 120 days, (<u>regardless of whether the property was proposed or existing construction</u>) the appraiser must inspect the exterior of the property and review current market data to determine the property has not declined in value since original appraisal. ▪ If it has declined a new appraisal is required. ▪ If it has not declined an update to the appraisal is allowed, using the exterior inspection and knowledge of current market conditions. <p>FHLMC</p> <ul style="list-style-type: none"> ▪ If appraisal is over 120 days – the appraiser must provide an update to the appraisal indicating property has not declined (or) ▪ 180 days if construction is completed after mortgage application. 	
51.	Is the market value supported by the comparables?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	<p>If No – Why do they not support the value? Is it logical to request more comps? Are new comps available based on Appraiser's comments (i.e. less than 25% built up)?</p>	

COST APPROACH				ACTIONS/COMMENTS	NOTES
52.	Is the land to value ratio typical for the area?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If the site value has been provided be sure the land-to-value ratio is not high for the area.	
53.	Is the indicated value by Cost Approach in line with the Sales Comparison Approach?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If No – Appraiser should comment on the appropriateness of the Cost Approach. This approach assumes that a potential purchaser will consider building a substitute residence that has the same use as the property being appraised. Fannie Mae does not require the Cost Approach. Freddie Mac requires the Cost Approach only if it is applicable and necessary (appropriate for new or proposed construction, properties under renovation, homes that are unique based on styles or construction methods, or homes that have functional obsolescence not typical for the market). Fannie Mae and Freddie Mac agree that appraisal reports that rely primarily on the cost approach to estimate market value are unacceptable.	

PUD				ACTIONS/COMMENTS	NOTES
54.	When the property is located in a PUD and the developer/builder is in control of the HOA AND it is an attached unit, has the appraiser completed this section?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If No – Condition as prior to close for the Appraiser to complete this section of the appraisal.	
55.	Is the project complete?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If No – Verify project eligibility.	
56.	Are more than 10% of the units in the project listed for sale?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If Yes – Appraiser to address potential marketability problem in subject subdivision.	

APPRAISER'S SIGNATURE AND CERTIFICATION				ACTIONS/COMMENTS	NOTES
57.	Is the appraiser on the lender's approved list?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If the lender or investor uses an approved list, be sure to verify that the Appraiser is approved. If the lender or investor has a watch list, verify that the Appraiser is not listed.	
58.	Is the appraisal signed and dated?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If No – Condition as a prior to close for the Appraiser to sign and date the appraisal.	
59.	Is the appraiser's certification or license number and expiration date entered?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If No – Condition as a prior to close for the Appraiser to complete certification or license #.	
60.	If required, has the supervisory information been completed and signed by supervisor?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If No – Condition as a prior to close for the Supervisory Appraiser to complete and sign.	

ADDENDA			
61.	Is there a street map that identifies the location of the subject?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
62.	Is there an exterior building sketch?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
63.	Are there photos of the subject property and the comparable sales?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
64.	Do any of the addenda include adverse comments?	Yes <input type="checkbox"/>	No <input type="checkbox"/>

Date of Appraisal: _____

Appraised (Market) Value: _____

Are any changes required? Are there conditions associated with the appraisal report? Are there any clarifications required of the appraiser?

NOTES:

ADJUSTMENT GRIDS

Yes No Are any line adjustments to the comparables greater than 10%?

	Comparable 1	Comparable 2	Comparable 3
Sales Price			
10% of Sales Price			
Adjustments			

Yes No Do the total net adjustments for any comparable exceed 15%?

	Comparable 1	Comparable 2	Comparable 3
Sales Price			
15% of Sales Price			
Adjustments			
Total Net Adjustments			

Yes No Do the total gross adjustments for any comparable exceed 25%?

	Comparable 1	Comparable 2	Comparable 3
Sales Price			
25% of Sales Price			
Adjustments			
Total Gross Adjustments (Disregard + & -)			