



Appraisal Checklist

The Appraisal Checklist is provided to identify any potential appraisal or value issues. However, Lenders/Brokers should have their own policies and procedures in place to review and assess appraisals to make prudent lending decisions. When using the Appraisal Checklist, if the answer to any question is “yes,” further review or explanation may be required. Comments or recommended practices are provided in bold text below each question.

In addition, Lenders/Brokers are encouraged to use the resources available to determine market trends and public record data. These resources include, but are not limited to:

- S&P/Case-Shiller® Home Price indices
- Office of Federal Housing Enterprise Oversight (OFHEO) Index
- National Association of Realtors® (NAR) statistics on changes in median prices
- LandSafe®'s ValueFinder (with public record data)
- CoreLogic
- DataVerify

Question	Yes	No
<p>1. Is the appraisal more than 90 days old?</p> <p><i>Conforming: While conforming appraisals may be no more than 120 days old, additional consideration regarding market trends should be given to appraisals more than 90 days old. .</i></p> <p><i>Non-conforming: Appraisals can be no more than 90 days old. If more than 90 days old, a new appraisal is required.</i></p>		
<p>2. In reviewing Housing Trends in the Neighborhood section of the appraisal, are any of the following trends indicated?</p> <p style="margin-left: 20px;">a. Property Values - Declining</p> <p style="margin-left: 20px;">b. Demand/Supply – Over Supply</p> <p style="margin-left: 20px;">c. Marketing Time – Over 6 Months</p> <p><i>If yes to any of the above, the Soft Market Policy applies.</i></p>		
<p>3. In reviewing the narrative sections or Supplemental Addendums of the appraisal, does the appraiser make any comments such as: declining property values, an oversupply of homes for sale, increased marketing time, an excessive supply of homes on the market, or anything else that would indicate a soft market?</p> <p><i>If yes to any of the above, the Soft Market Policy applies.</i></p>		
<p>4. Are the comparable sales more than 90 days old and no current listing or pending sale provided? (In Soft Markets a minimum of two Arms-Length MLS-verified sales within 90 days, and at least one current listing or pending sale must be provided).</p> <p><i>If yes, the appraiser must provide a detailed explanation why the requirements were not met and if the property value was adjusted as a result.</i></p>		
<p>5. On purchase transactions, if there are any interested party contributions,</p>		

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<p>concessions, or builder incentives, did appraiser comment on whether they are unusual, excessive, or have significant impact to the sale price?</p> <p>If a purchase transaction, the appraiser must be provided with an executed copy of the Purchase Contract. Excessive seller or builder concessions should be deducted from the sales price/value of the property for the purposes of determining the loan-to-value. In addition, the appraiser should specifically address the effect excessive concessions had on the sales price of the comparables as well as the valuation of the subject.</p>		
<p>6. Does the listing history indicate that the subject property has been listed for sale during the past year?</p> <p>Incomplete listing histories are a USPAP violation. If the appraisal does not include the listing histories of subject and all comparable properties, it should be rejected.</p>		
<p>7. If yes to question 6, was the appraised value greater than or equal to the prior listing price?</p> <p>When considering current market conditions, an increase in the value of the property would not be expected unless it has been owned by the borrower or seller for an extended period of time.</p>		
<p>8. Does the appraised value fall outside of the price range of comparable properties (sales and listing prices) as indicated in the Neighborhood section of the appraisal?</p> <p>While it is not a USPAP requirement to provide comparable listings to support appraised value, it is a good practice since these properties would be competing with the subject in an open market and would either support or refute the appraised value.</p>		
<p>9. If the subject property was sold within the past three years, is the current appraised value less than the prior sales price (a decrease may indicate a declining market)?</p> <p>When considering current market conditions, an increase in the value of the property would not be expected unless it has been owned by the borrower or seller for an extended period of time. The appraiser must analyze the change in value of the subject from the prior sale.</p>		
<p>10. If one or more of the comparable properties have a prior sale within the past 12 months, did the most recent sales price decrease from the prior sales price (a decrease may indicate a declining market)?</p> <p>When considering current market conditions, an increase in the value of the property would not be expected unless it has been owned by the borrower or seller for an extended period of time. Appraiser must analyze the change in value of the comparables from the prior sales price.</p>		
<p>11. Do the reported Days on Market of the comparables indicate a marketing time over six months?</p> <p>The appraiser must report the Days on the Market of the subject if applicable and the comparable sales. If the appraisal does not include this information, it should be rejected.</p>		

Question	Yes	No
<p>12. If the subject property was an REO or in an area where there is significant REO activity, was the appraised value impacted?</p> <p><i>An REO sale may not necessarily decrease the value of a particular property. However, since REOs are often discounted dramatically and offer concessionary financing, neighborhoods with a high inventory (in excess of 15%) of REOs competing with the subject property could impact the value.</i></p>		
<p>13. Does the location of the comparable sales cross any major boundaries or appear to be outside of the neighborhood of the subject property?</p> <p><i>The map of the comparable sales should be carefully reviewed to ensure that it has not been altered to misrepresent the proximity of the comparables. If the map does not provide a distance scale, Sellers are encouraged to use one of the mapping programs available on the Internet to determine the comparables' proximity to the subject property.</i></p>		
<p>14. Are comparables different than the subject property in regards to age, site size, gross livable area, condition, and upgrades? (These property characteristics must be bracketed by the comparable sales [i.e., one comparable larger than the subject and one comparable smaller].)</p> <p><i>As interior amenities change over time, it is important that the age of the comparables, particularly for recently built properties, do not go beyond a 10-year period (for example, outdated kitchen and bathrooms have a significant impact to marketability).</i></p>		
<p>15. Do the pictures of the subject property and the comparables sales clearly show that they are <u>not</u> similar in quality of construction, design or appeal from the front/street view?</p> <p><i>The quality, design and appeal of the comparables should be similar to the subject. In addition, public amenities such as sidewalks and gutters should be consistent between the subject and the comparables.</i></p>		

We believe the requirements below are prudent appraisal policies that should be followed on all loans. Appraisers should provide enough information on their reports so that anyone reviewing the report can clearly and logically understand how they came to their value conclusion. Current market conditions are compelling appraisers to document their work; it is no longer enough for them to simply issue a value.

- The most recent and similar comparables sales available as part of the sales comparison approach must be used. Any change in market conditions from the date the contract of sale was signed and date of appraisal must be considered.

- Verification of comparable sales with a reliable party that is not associated with the subject property of the subject property's development, and at least two comparables must be verifiable through the Multiple Listing Service (MLS) as Arms-Length Transactions.
- Two of the comparable sales must have closed within the last 60 days. One must have closed within the last 30 days. Or the appraiser to explain why one within 30 days is not available.
- At least one current listing or pending sale must be provided.
- Comparable sales must be mapped in the appraisal.
- Days-on-market for subject and comparable sales must be provided, if applicable. The average days-on-market for the comparables sales must not exceed the "Marketing Time" box marked by the appraiser.
- If the appraiser is unable to meet any of the above requirements, the appraiser must provide a detailed explanation as to why the requirements were not met, and if it resulted in making an adjustment to the property value.
- If the subject property is an REO, or if the subject is located in an area where there are a substantial number of REO properties, the appraiser must identify this fact and discuss its impact on the subject's property value. In addition, REO comparables should be considered if the appraiser believes that such comparables are legitimate competing properties.
- If an appraisal is more than 90 days old either a new appraisal or a Form 1004D (Re-verification of Value) is required. If a Form 1004D is being used, it must include:
 - A determination on whether or not the property value has declined.
 - An indication there has been an exterior inspection of the property.
 - Comments on any market changes.