Appraisal Underwriting

Part I - The Basics and Part II - The Sales Comparison

May 2019
Session Overview

Participants will learn about analyzing the Uniform Residential Appraisal Report

- URAR
- Fannie Mae Form 1004
- Freddie Mac Form 70

Resources available

The roles of the appraisal, the appraiser and the underwriter/reviewer

Appraisal exhibits

Each section and data field on the appraisal form

Appraisal red flags and best practices
Additional Genworth Appraisal Training

Genworth MI offers training on other specific appraisal topics:

– Manufactured Housing
– Rural Properties

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mi.genworth.com
Appraisal Basics

URAR Overview, Market Value, Appraiser and Reviewer Responsibilities
Appraisal Basics

The appraisal report provides:
– Detailed description of the property
– Condition and marketability information
– Market value
  • Appraiser’s opinion
  • Supporting detail on how the appraiser arrived at the opinion
– Additional property issues/information
Appraisal Basics

Market Value

– The buyer and seller are typically motivated
– Both parties are well informed/advised, each acting in what he/she considers his/her own best interest
– A reasonable amount of time is allowed for exposure in the open market
– Payment is made in terms of US dollars
– The price represents normal consideration for the property sold, unaffected by special or creative financing or sales concessions
Appraisal Basics

Seller/Lender Responsibilities

- Providing Appraiser With
  - Sales Contract (See Fannie Mae updates on next slide)
  - Other Available Information
- Selecting the Appraiser and General Appraisal Requirements
- Underwriting the Appraisal
- Disclosing Required Information
- Ensuring the appraiser has requisite knowledge

Page 5 & 7
Appraisal Basics

Appraiser Responsibilities

– An accurate, adequately supported opinion of market value
– An objective analysis of quantifiable data to support housing trends
– All relevant information that supports the conclusions about market conditions, including:
  • Sales/financing concessions
  • Down payment assistance
  • Days on market, list-to-sales price ratios, and availability of financing
Appraisal Basics

Reviewer/Underwriter Responsibilities

– Completeness
– Appropriate Form
– Opinion of market value supported
– Consistency
– Market issues noted
– All attachments/addenda provided
– Ensure UAD requirements are met
– The appraisal meets the applicable lending standards
Appraisal Basics

If there is inconsistent data:

– Appraiser explanation is necessary
– Investors may be apprehensive to purchase the loan
Appraisal Basics

Loans being sold to a GSE must include at least the following:

– Clear pictures of the subject property that support the information on the appraisal:
  • Front View
  • Rear View
  • Street Scene
  • Kitchen
  • Bathrooms
  • Main Living Area
  • Outbuildings
– Building Sketch
– Additional photographs, as needed
– Photographs of Each Comparable Sale: Clear, Front View
– Location Map

Information On This Slide Applies To The URAR. Other Appraisal Forms May Have Different Requirements.
Section-by-Section Review

URAR Page 1: Subject, Contract, Neighborhood, Site and Improvements Sections
### Uniform Residential Appraisal Report

**Property Address:** XXXX Olive Drive  
**City:** Durham  
**State:** NC  
**Zip Code:** 27701

**Assessor's Parcel #:** 12x-25A-4356-7811-XX  
**Tax Year:** 2015  
**R.E. Taxes:** $2,860

**Neighborhood Name:** Anytown Estates  
**Map Reference:** 205  
**Census Tract:** 0022.00

**Occupant:** Owner  
**Special Assessments:** $0  
**PUD:** No  
**HOA:** $0  
**per year:** No  
**per month:** No

**Property Rights Appraised:** X Fee Simple  
**Leasehold:** No  
**Other:** No

**Assignment Type:** Purchase Transaction  
**Financing Transaction:** No  
**Other:** No

**Lender/Client:** Friendly Bank  
**Address:** 12XX Main Street, Anytown, TX 276XX

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**eLOT Ascending/Descending Indicator:** A  
**Record Type Code:** S  
**PMB Designator:**  
**PMB Number:**  
**Default Flag:**  
**EWS Flag:**  
**DPV Confirmation Indicator:** Y
Fannie Mae Requires Properties That Are Listed For Sale As Of Application Date For a Cash Out Refinance Be Taken Off The Market On Or Before The Disbursement Date Of The New Mortgage
Sales Contract Information

All financing data and sales concessions for the subject property that will be or have been granted by anyone associated with the transaction must be disclosed to the appraiser, as appropriate. Typically, this information is provided in the sales contract. Therefore, the lender must provide, or ensure that the appraiser is provided with, a copy of the complete, ratified sales contract and all addenda for the property that is to be appraised.

Q9. What if the contract is amended after the appraisal is completed?

If the contract is amended after the appraisal is completed, the lender must provide an updated contract to the appraiser if it is amended in a way that affects the description of the real property used by the appraiser. However, minor updates to the contract, such as changes to seller-paid closing costs or changes to the contract price, do not require an updated appraisal. Contract amendments that could affect the description of the property include:

Amendments due to revised plans/specs for new construction or remodeling
Changes in the legal description, acreage and/or number of parcels conveyed
Renegotiated seller concessions or sale price as a result of a home inspection revealing property damage or deferred maintenance
5601.3: General appraisal requirements (09/14/17)

(j) Information supplied to the appraiser

The Seller warrants that they or a third party specifically authorized by the Seller provided the following information on the subject property, as applicable, to the appraiser in conjunction with all appraisal requests:

1. The complete legal description (see Section 4201.19 for legal description requirements)
2. The complete sales contract for purchase transactions, including:
   - All non-realty items
   - Financing terms
   - Financing and sales concessions granted by anyone associated with the transaction, and
   - Any gifts, buydowns or down payment assistance provided by anyone on behalf of the Borrowers

Note: A sales contract on a new home should state the base price of the house and itemize each option.

The Seller is not required to provide the appraiser with an updated sales contract unless the updated terms impact the physical description or condition of the property. In such cases, the Seller must obtain an updated appraisal for the property. Changes to the sales contract that are not required to be provided to the appraiser include, but are not limited to:

- Changes to the transaction terms such as sales price, financing or sale concessions, and
- Date revisions, corrections to typographical errors, etc.
1. 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.

2. Arm's length sale: The purchase agreement has no unusual conditions or seller concessions. The property was exposed to the market for a reasonable amount of time. No personal property was included in the purchase agreement.

3. Contract Price $218,000 Date of Contract 03/02/2014

4. Is the property seller the owner of public record? ❌ Yes ☐ No Data Source(s) Durham Assessor

5. Is there any financial assistance (loan charges, sale concessions, gift or down payment assistance, etc.) to be paid by any party on behalf of the borrower? ☐ Yes ❌ No

6. If Yes, report the total dollar amount and describe the items to be paid. $0; No seller concessions or other financial assistance is reported.
### Neighborhood Section

#### Neighborhood Characteristics

<table>
<thead>
<tr>
<th>Location</th>
<th>Urban</th>
<th>Suburban</th>
<th>Rural</th>
</tr>
</thead>
<tbody>
<tr>
<td>Built-Up</td>
<td>Over 75%</td>
<td>25-75%</td>
<td>Under 25%</td>
</tr>
<tr>
<td>Growth</td>
<td>Rapid</td>
<td>Stable</td>
<td>Slow</td>
</tr>
</tbody>
</table>

#### One-Unit Housing Trends

<table>
<thead>
<tr>
<th>Property Values</th>
<th>Increasing</th>
<th>Stable</th>
<th>Declining</th>
</tr>
</thead>
<tbody>
<tr>
<td>Demand/Supply</td>
<td>Shortage</td>
<td>In Balance</td>
<td>Over Supply</td>
</tr>
<tr>
<td>Marketing Time</td>
<td>Under 3 mths</td>
<td>3-6 mths</td>
<td>Over 6 mths</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>PRICE</th>
<th>ASE</th>
<th>One-Unit</th>
<th>Present Land Use %</th>
</tr>
</thead>
<tbody>
<tr>
<td>$(100)</td>
<td>(yes)</td>
<td>2-4 Unit</td>
<td>100 %</td>
</tr>
</tbody>
</table>

#### Neighborhood Boundaries

The neighborhood boundaries are generally considered Topeka Street to the North, Durham-Chapel Hill to the South, University Drive to the East, and Chapel-Hill Rd to the West.

#### Neighborhood Description

The subject is located in Durham, NC, offering local employment, schools, and shopping. Durham is located in an urban county with suburban areas surrounding the city. The subject neighborhood is comprised of average quality ranch and split level style homes that were constructed by Aspen Building. The neighborhood is fully developed and is comprised exclusively of single family dwellings.

#### Market Conditions

Market conditions are generally stable with median property values of $215,000 and a stable trend showing moderate seasonal fluctuation. Local employment is available and the unemployment rate is 4.5% with a historical range of 4% to 6%. Demand for housing is good and some new housing and commercial/retail is being built throughout the town.
# Neighborhood Section Condominiums

<table>
<thead>
<tr>
<th>Neighborhood Characteristics</th>
<th>Condominium Unit Housing Trends</th>
<th>Condominium Housing</th>
<th>Present Land Use %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Location</td>
<td>□ Urban □ Suburban □ Rural</td>
<td>Property Values □ Increasing □ Stable □ Declining</td>
<td>PRICE $ (000)</td>
</tr>
<tr>
<td>Built-Up</td>
<td>□ Over 75% □ 25–75% □ Under 25%</td>
<td>Demand/Supply □ Shortage □ In Balance □ Over Supply</td>
<td>2-4 Unit</td>
</tr>
<tr>
<td>Growth</td>
<td>□ Rapid □ Stable □ Slow</td>
<td>Marketing Time □ Under 3 mths □ 3–6 mths □ Over 6 mths</td>
<td>Low</td>
</tr>
<tr>
<td>Neighborhood Boundaries</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Neighborhood Description</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Market Conditions (including support for the above conclusions)

*Not In book*
<table>
<thead>
<tr>
<th>Dimensions</th>
<th>100x200</th>
<th>Area</th>
<th>20000 sf</th>
<th>Shape</th>
<th>Rectangular</th>
<th>View</th>
<th>N.R.es.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Specific Zoning Classification</td>
<td>RSTM/1-Family</td>
<td>Zoning Description</td>
<td>Residential Single Family</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Zoning Compliance</td>
<td>Legal</td>
<td>Legal Nonconforming (Grandfathered Use)</td>
<td>No Zoning</td>
<td>Illegal (describe)</td>
<td>Yes</td>
<td>No</td>
<td>Il No, describe</td>
</tr>
<tr>
<td>Is the highest and best use of subject property as improved (or as proposed per plans and specifications) the present use?</td>
<td>Yes</td>
<td>No</td>
<td>Il No, describe</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Utilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Electricity</td>
<td>Yes</td>
<td>No</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gas</td>
<td>Yes</td>
<td>No</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Water</td>
<td>Yes</td>
<td>No</td>
<td>Durham City</td>
<td>Street</td>
<td>Asphalt</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Sanitary Sewer</td>
<td>Yes</td>
<td>No</td>
<td>None</td>
<td>None</td>
<td>None</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>FEMA Special Flood Hazard Area</td>
<td>Yes</td>
<td>No</td>
<td>FEMA Flood Zone</td>
<td>X</td>
<td>FEMA Map #: 37063C0821K</td>
<td>FEMA Map Date</td>
<td>08/02/2007</td>
</tr>
<tr>
<td>Are the utilities and off-site improvements typical for the market area?</td>
<td>Yes</td>
<td>No</td>
<td>Il No, describe</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Are there any adverse site conditions or external factors (casements, monochromes, environmental conditions, land uses, etc.)?</td>
<td>Yes</td>
<td>No</td>
<td>Il Yes, describe</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

There are no known adverse site conditions. The subject is located on a generally level city lot with residential views. The subject is located on a side street with minimal traffic activity.
### Improvements Section

<table>
<thead>
<tr>
<th>General Description</th>
<th>Foundation</th>
<th>Exterior Description</th>
<th>materials/condition</th>
<th>Interior</th>
<th>materials/condition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Units</td>
<td>One</td>
<td>Concrete Slab</td>
<td>Cinder Block</td>
<td>Floors</td>
<td>Carpet &amp; Vinyl/Avg</td>
</tr>
<tr>
<td># of Stories</td>
<td>1</td>
<td>Full Basement</td>
<td>Brick/Wd/Al Siding</td>
<td>Walls</td>
<td>Drywall/Avg</td>
</tr>
<tr>
<td>Type</td>
<td>Det.</td>
<td>Partial Basement</td>
<td>Asphalt Shingle</td>
<td>Trim/Finish</td>
<td>Pine/Avg</td>
</tr>
<tr>
<td>Existing</td>
<td>Proposed</td>
<td>Basement Area 936 sq.</td>
<td>Gutters &amp; Downspouts</td>
<td>Bath Floor</td>
<td>Vinyl/Avg</td>
</tr>
<tr>
<td>Design (Style)</td>
<td>Ranch</td>
<td>Evidence of Intestation</td>
<td>Viny Double Hung</td>
<td>Bath Wainscot</td>
<td>Fiberglass/Avg</td>
</tr>
<tr>
<td>Year Built</td>
<td>1965</td>
<td></td>
<td>Storm Sash/Insulated</td>
<td>None</td>
<td>Car Storage</td>
</tr>
<tr>
<td>Effective Age</td>
<td>Yes</td>
<td></td>
<td>Screens</td>
<td>Yes</td>
<td>Entryway</td>
</tr>
<tr>
<td>Attic</td>
<td>None</td>
<td></td>
<td>Trim/Finish</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>Drop Stair</td>
<td></td>
<td></td>
<td>Skylight</td>
<td></td>
<td>2</td>
</tr>
<tr>
<td>Floor</td>
<td>None</td>
<td></td>
<td>Net. Gas</td>
<td></td>
<td>Concrete</td>
</tr>
<tr>
<td>Finished</td>
<td>Yes</td>
<td></td>
<td>Central Air Conditioning</td>
<td>None</td>
<td>1</td>
</tr>
<tr>
<td>Appliances</td>
<td>Refrigerator</td>
<td>Range/Oven</td>
<td>Dishwasher</td>
<td>Microwave</td>
<td>None</td>
</tr>
<tr>
<td>Additional features</td>
<td>Patio, fireplace</td>
<td></td>
<td>7 Rooms</td>
<td>2.5 Bath(s)</td>
<td>2,244 Square Feet of Gross Living Area Above Grade</td>
</tr>
</tbody>
</table>

**Describe the condition of the property (including needed repairs, deterioration, renovations, remodeling, etc.):**

C4: No updates in the prior 15 years. The subject is in average overall condition. No significant items of repair or deferred maintenance were noted. The hot water tank was reportedly replaced in 2014. There were some minor areas of soiled carpet and dated decor. The estimated cost to cure is <$1,500 and is considered typical of homes of this age in this area.

**Are there any physical deficiencies or adverse conditions that affect the usability, soundness, or structural integrity of the property?**

<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
<th>If Yes, describe</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>None noted.</td>
</tr>
</tbody>
</table>

**Does the property generally conform to the neighborhood (functional utility, style, condition, use, construction, etc.??**

<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The property generally conforms to the neighborhood in all respects.
Accessory Units

Fannie Mae will purchase a one-unit property with an accessory unit. An accessory unit is typically an additional living area independent of the primary dwelling unit, and includes a fully functioning kitchen and bathroom. Some examples may include a living area over a garage and basement units. Whether a property is defined as a one-unit property with an accessory unit or a two-unit property will be based on the characteristics of the property, which may include, but are not limited to, the existence of separate utilities, a unique postal address, and whether the unit is rented. The appraiser is required to provide a description of the accessory unit, and analyze any effect it has on the value or marketability of the subject property.

If the property contains an accessory unit, the property is eligible under the following conditions:

- The property is defined as a one-unit property.
- There is only one accessory unit on the property; multiple accessory units are not permitted.
- The appraisal report demonstrates that the improvements are typical for the market through an analysis of at least one comparable property with the same use.
- The borrower qualifies for the mortgage without considering any rental income from the accessory unit. (See B3-3.1-08, Rental Income, for further information, and B5-6-03, HomeReady Mortgage Underwriting Methods and Requirements, for an exception for HomeReady mortgage loans.)
Accessory Units

If it is determined that the property contains an accessory unit that does not comply with zoning, the property is eligible under the following additional conditions:

- The lender confirms that the existence will not jeopardize any future property insurance claim that might need to be filed for the property.
- The use conforms to the subject neighborhood and to the market.
- The property is appraised based upon its current use.
- The appraisal must report that the improvements represent a use that does not comply with zoning.
- The appraisal report must demonstrate that the improvements are typical for the market through an analysis of at least three comparable properties that have the same non-compliant zoning use.

(See B4-1.3-04, Site Section of the Appraisal Report, for subject property zoning information.)
### Improvements Section

<table>
<thead>
<tr>
<th>General Description</th>
<th>Materials/Condition</th>
<th>Foundation</th>
<th>Exterior Description</th>
<th>Foundation/Walls</th>
<th>Exterior Walls</th>
<th>Roof Surface</th>
<th>Trim/Finish</th>
<th>Floors</th>
<th>Gutter &amp; Downspouts</th>
<th>Bath Floor</th>
<th>Bath/Water Closet</th>
<th>Car Storage</th>
<th>Exterior</th>
<th>Exterior Materials/Condition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Units</td>
<td>One</td>
<td>One with Accessory Unit</td>
<td>□</td>
<td>□</td>
<td>□</td>
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<td># of Stories</td>
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</tr>
<tr>
<td>Design (Style)</td>
<td>Ranch</td>
<td>Ranch</td>
<td>Ranch</td>
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<td>Effective Age (Yes)</td>
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<tr>
<td>Drop Stair</td>
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</tbody>
</table>

### Additional Features (special energy efficient items, etc.):

- 7 Rooms
- 3 Bedrooms
- 2.5 Bath(s)
- 2,244 Square Feet of Gross Living Area Above Grade

### C4: No updates in the prior 15 years. The subject is in average overall condition. No significant items of repair or deferred maintenance were noted. The hot water tank was reportedly replaced in 2014. There were some minor areas of soiled carpet and dated decor. The estimated cost to cure is <$1,500 and is considered typical of homes of this age in this area.

### Are there any physical deficiencies or adverse conditions that affect the habitability, soundness, or structural integrity of the property?

- Yes [x]
- No [ ]

### Yes, if there are any physical deficiencies or adverse conditions that affect the habitability, soundness, or structural integrity of the property:

None noted.

### Does the property generally conform to the neighborhood (functional utility, style, condition, use, construction, etc.)?

- Yes [x]
- No [ ]

### The property generally conforms to the neighborhood in all respects.
Additional Improvement Considerations

A Few Other Property Concerns:

– Additions without Permits: If the appraiser identifies an addition(s) that does not have the required permit, the appraiser must comment on the quality and appearance of the work and its impact, if any, on the market value of the subject property.

– If appraisal indicates evidence of wood-boring insects, dampness, or abnormal settlement, the appraiser must comment on the effect on the value and marketability of the subject property. Lenders must either provide satisfactory evidence that the condition was corrected or submit a professionally prepared report indicating based on an inspection of the property, that the condition does not pose any threat of structural damage to the improvements.
## Project Information Condominiums

### Data source(s) for project information

<table>
<thead>
<tr>
<th>Project Description</th>
<th>General Description</th>
<th>Subject Phase</th>
<th>If Project Completed</th>
<th>If Project Incomplete</th>
</tr>
</thead>
<tbody>
<tr>
<td># of Stories</td>
<td>Exterior Walls</td>
<td># of Units</td>
<td># of Phases</td>
<td># of Planned Phases</td>
</tr>
<tr>
<td># of Elevators</td>
<td>Roof Surface</td>
<td># of Units Completed</td>
<td># of Units</td>
<td># of Planned Units</td>
</tr>
<tr>
<td>Existing</td>
<td>Total # Parking</td>
<td># of Units For Sale</td>
<td># of Units for Sale</td>
<td># of Units for Sale</td>
</tr>
<tr>
<td>Under Construction</td>
<td>Ratio (spaces/units)</td>
<td># of Units Sold</td>
<td># of Units Sold</td>
<td># of Units Sold</td>
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<tr>
<td>Year Built</td>
<td>Type</td>
<td># of Units Rented</td>
<td># of Units Rented</td>
<td># of Units Rented</td>
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<tr>
<td>Effective Age</td>
<td>Guest Parking</td>
<td># of Owner Occupied Units</td>
<td># of Owner Occupied Units</td>
<td># of Owner Occupied Units</td>
</tr>
</tbody>
</table>

### Project Description

**General Description**

**Subject Phase**

**Is Project Complete or Incomplete**
**Primary Occupancy-**

**General Guidelines**

Check Specific Investor Project Requirements As They Vary And Can Change

**Management Group- Who is in control?**

- Generally, GSEs do not allow for more than 15% of homeowners association dues or assessments are delinquent more than 60 days.

**Single Entity**

- Single-investor concentration-No single entity must own more than 10% of the total number of units in the Condominium Project. A single entity may own up to 2 units in a project consisting of 5-20 units.
Is the Project a Conversion

- **Soundness and condition**—For a conversion that was legally created in the most recent three years, either:
  1. The architect's/engineer's report or a functional equivalent originally obtained for the conversion must comment favorably on the structural integrity of the project, and the condition and remaining useful life of the major project components such as the heating and cooling systems, plumbing, electrical systems, elevators, boilers, roof, etc.
  2. The appraiser must explicitly comment on the structural soundness, habitability and condition of the project, and the remaining useful life of the major project components such as but not limited to the roof, elevators, and mechanical systems such as the HVAC, plumbing, electrical systems, boilers, etc.

All work involved in a Condominium conversion must have been completed in a professional manner.

Is the Project Complete

Is there any Commercial Space

- Any commercial space in the project must be compatible with the overall residential nature of the project. No more than 35% of the total space must be used for nonresidential purposes.
Condition & Quality of Construction
Common Elements & Recreational Facilities

- Common Elements such as parking and recreational facilities must be consistent with the nature of the project and be competitive in the market.

1. The unit owners must be the sole owners of and have the right to the use of Common Elements including but not limited to all buildings, roads, parking and Amenities. The developer must not retain any ownership interest in any of them.

2. The Common Elements including Amenities such as parking and recreational facilities must not be subject to a lease between the unit owners/homeowners association and any other party.

Leases or Ground Rent
Parking
Project Analysis Condominiums

Analysis of the Budget

- The budget must be consistent with the nature of the project.
- Review specific investor requirements.

Additional Fees

Special or Unusual Characteristics
## Unit Description Condominiums

### General Description

<table>
<thead>
<tr>
<th>Feature</th>
<th>Description</th>
<th>Unit Charge $ \times 12 = $</th>
<th>per year</th>
<th>Annual assessment charge per year per square feet of gross living area = $</th>
</tr>
</thead>
</table>

Utilities included in the unit monthly assessment:  
- [ ] None  
- [ ] Heat  
- [ ] Air Conditioning  
- [ ] Electricity  
- [ ] Gas  
- [ ] Water  
- [ ] Sewer  
- [ ] Cable  
- [ ] Other (describe)

<table>
<thead>
<tr>
<th>General Description</th>
<th>Interior materials/condition</th>
<th>Amenities</th>
<th>Appliances</th>
<th>Car Storage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Floor #</td>
<td>Floors</td>
<td>[ ] Fireplace(s) #</td>
<td>[ ] Refrigerator</td>
<td>[ ] None</td>
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<tr>
<td># of Levels</td>
<td>Walls</td>
<td>[ ] Woodstove(s) #</td>
<td>[ ] Range/Oven</td>
<td>[ ] Garage</td>
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<td>Heating Type</td>
<td>Fuel</td>
<td>[ ] Deck/Patio</td>
<td>[ ] Disp.</td>
<td>[ ] Covered</td>
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<td>Trim/Finish</td>
<td>[ ] Microwave</td>
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<td>[ ] Open</td>
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<td>Central AC</td>
<td>[ ] Porch/Balcony</td>
<td>[ ] Dishwasher</td>
<td>[ ] Assigned</td>
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<td>Individual AC</td>
<td>[ ] Bath Wainscot</td>
<td>[ ] Washer/Dryer</td>
<td>[ ] Owned</td>
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<td>Other (describe)</td>
<td>[ ] Doors</td>
<td>[ ] Other</td>
<td>[ ] Parking Space</td>
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</table>

Finished area above grade contains:  
- [ ] Rooms  
- [ ] Bedrooms  
- [ ] Bath(s)  
- [ ] Square Feet of Gross Living Area Above Grade

Are the heating and cooling for the individual units separately metered?  
- [ ] Yes  
- [ ] 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?  
- [ ] Yes  
- [ ] No  
If Yes, describe.

Does the property generally conform to the neighborhood (functional utility, style, condition, use, construction, etc.)?  
- [ ] Yes  
- [ ] No  
If No, describe.

---

$ Per Square feet of GLA  
General Description  
Car Storage
Project Questionnaire

Condo Reminders

– The project itself must be approved for Fannie Mae and Freddie Mac, otherwise it is an “Unwarrantable Project” that you portfolio or sell to a private investor
– Guidelines change often, so always check the guidelines for compliance
– Condo project status can change
– Understand what type of Project Review is available/required for your project
– Send condo questionnaires out as early as possible
– Be sure to include the condo dues in your housing ratio
– Genworth will review unwarrantable condos case by case for MI, contact your Genworth Account Rep.
Fannie Mae Condo Questions?

https://www.fanniemae.com/singlefamily/project-eligibility
Condominium Project Reviews

Recent Updates

Bullets from the most recent Selling Guide updates:
- 03/08/2016 – Bulletin 2016-1 (Selling) [PDF]
- 10/17/2016 – Bulletin 2016-10 (Selling) [PDF]
- 08/27/2018 – Bulletin 2018-10 (Selling) [PDF]

Overview

We offer expanded, comprehensive eligibility and review requirements for Mortgages secured by units in condominium projects. Our requirements provide for an efficient and effective workflow process. With clear and comprehensive criteria, it’s easy to determine which requirements you need to satisfy to sell condominium unit mortgages to Freddie Mac. From a streamlined review for established condominium projects to reciprocal reviews, you have solutions and options for the condominium unit mortgages you originate.

Project Review and General Project Eligibility Requirements

Sellers must determine compliance with Freddie Mac’s condominium project review and eligibility requirements. See Section 5701.2, Condominium Project review and general Condominium Project eligibility requirements. In the Single-Family Seller/Service Guide (Guide) for these requirements. Included within Section 5701.2 is an easy to follow table with an overview of the condominium project review and eligibility requirements and our project review types.

Project review types:
- Guide Section 5701.4, Streamlined Reviews
- Guide Section 5701.5, Established Condominium Projects
- Guide Section 5701.6, New Condominium Projects
- Guide Section 5701.9, Reciprocal Project Reviews

See External From Review (Guide Section 5701.7) for which condominium unit mortgages do not need to comply with the eligibility requirements in any of these project review types.

Genworth Appraisal Review Checklist

https://new.mi.genworth.com/underwriting-tips-and-credit-policy
Genworth Underwriting Guidelines
Genworth Rate Express®

Get A Quote - Rate Express
View Rate Cards
Explore MI Products
Learn About MI
Understand Your Master Policy
Compare MI & FHA

Underwriting
Innovate Underwriting
KNOW MORE

Rate Express™
Find Rates Quick
GET A QUOTE NOW

LOS
Streamline Your Systems
LET'S GO
Training Tools and Information
Training Tools and Information

Genworth offers a comprehensive suite of training opportunities to boost your know-how, benefit your bottom line and ultimately best serve your borrowers. With more than 70 courses in our catalog, our team is here to help you stay up-to-date on the mortgage industry and regulatory environment. Classes are all offered at no cost to you.

Due to various internet browser versions, please download and save PDF before entering data. Please note, calculators are updated periodically.

- **Fannie Mae Form 1084 Calculator (2017-2018)**: Calculate and analyze cash flow to help you complete Fannie Mae Form 1084. [PDF]
- **Freddie Mac Form 91 Calculator (2017-2018)**: Quick reference guide and income analysis for Freddie Mac Form 91. [PDF]
- **Freddie Mac Form 92 Calculator (2017-2018)**: Form 92 Ann Rental Income Calculations Schedule E. [PDF]
- **Schedule Analysis Method (SAM) Calculator (2016-2017)**: Calculate an organization’s liquidity against current liabilities. [PDF]
- **Rental Income Calculator (2017-2018)**: Calculate rental income from tax returns. [PDF]
- **Current Ratio – Liquidity Calculator (2017-2018)**: Calculate working capital liquidity against current liabilities. [PDF]
- **Fannie Mae Rental Guide (Calculator 1039)**: Use this quick reference guide for Fannie Mae Rental Form 1039 (Individual Rental Income from Investment Property). [PDF]
- **Fannie Mae Rental Guide (Calculator 1038)**: Worksheet for calculating qualifying rental income for Fannie Mae Form 1038 (Individual Rental Income from Investment Property). [PDF]
- **Fannie Mae Comparative Analysis Form 1088 (2017-2018)**: Calculate increases/decreases in gross income, expenses and taxable income. [PDF]
Your Genworth Resources

- ActionCenter®: 800 444.5664
- Your Local Genworth Regional Underwriter
- Your Genworth Sales Representative
Legal Disclaimer

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Appraisal Underwriting

Part II The Sales Comparison

May 2019
Sales Comparison

Analyzing Comp Selection, Reading the Sales Comparison Grid, Previous Sales and Transfers
Analyzing Comparable Properties

At Least Three Closed Sales
- More can be provided
- Pending sales or listings:
  - Can be used when appropriate
  - Might provide additional supporting data

Comparable’s Closing Date (Age)
- Check applicable guidelines
- Should have closed within the previous year
  - Must make sense for market
  - Recent sales offer measure of current market
  - Over twelve months:
    - Effort made to find newer comparable
    - Why newer comparables not available
    - Is there a market issue?
    - Basis for any market condition adjustment
Analyzing Comparable Properties

Shortage of Comparable Properties

– Possible Reasons:
  • Nature of property improvements
  • Relatively low number of sale transactions in the neighborhood

– Comparables may have to be:
  • Older than a year
  • From a nearby, competing neighborhood

– Appraiser Explanation and Market Data
Analyzing Comparable Properties

When there is a shortage of comps, the appraiser should explain:

– Effort made to find better comps?
– Why the shortage of recent sales?
– What does the shortage indicate?
  • Stable market?
  • Marketability issue?
– Shared unique characteristics?
– Why a potential comp was not selected?
  • i.e. Foreclosure sale or non-arms length transaction
Analyzing Comparable Properties

Unacceptable Comparison Selection Practices

– Misrepresentation
– Inappropriate Comps
  • Unacceptable Locationally
  • Not Physically Similar
– Uninspected Properties
  • No Appraiser Drive-By
– See Fannie Selling Guide §B4-1.1-04
– See Freddie Mac Single-Family Seller/Servicer Guide §5601.4
Analyzing Comparable Properties

Requirements Include:

- Same or Competing Market/Neighborhood
- Similar Factors Impacting Value
  - Marketability issues (Adjacent to dump)
  - Functional obsolescence (Only bathroom located through kitchen)
  - Location issues (Busy street)
  - Unique features (Swimming pool)
Analyzing Comparable Properties

Review Appraisal Map

– Review Carefully
– Does the map support the Appraiser’s Conclusions?
  • Distances make sense?
  • Natural boundaries honored?
    – i.e. Waterways, Highways, Large Parks
– Compare with other maps
  • Google Maps, MapQuest, etc.
  • School maps
  • Municipality maps
Analyzing Comparable Properties

How far (distance) can the appraiser go to find comparables?

– NO set distance rules
– Distances must make sense

– **Urban location:**
  • Highly densely populated, should be close, within one mile

– **Suburban location:**
  • No set distance rule
  • Case by case
  • Sometimes more than a mile is appropriate

– **Rural location:**
  • Not a lot of homes to select from
  • Might be miles to find similar market alternative

– Appraiser explanation is key
Analyzing Comparable Properties

Subject located in a subdivision, condominium or PUD project

- **Established** (Resale Market)
  - All comparables should be from within the project
  - Institutional or investor sellers/buyers may require outside comparables as well

- **New** (Builder/Developer still selling)
  - At least one comp from within the project
  - At least one comp from a nearby competing project
    - Appraiser should note the nearby project is unrelated to subject's builder/developer
  - If there are no contract sales for new subdivisions, new PUDS or new Condominiums, appraisers may develop an appraisal report with all comparable sales from outside the new subdivision or project.
    - Appraisers can use two pending sales in lieu of one closed sale in the subject subdivision or project in the event a closed sale is not yet available. (Three closes sales are still required in addition to the pending sales)
    - Appraisers must comment on marketability of the new development or project and justify and support the use of the comparable sales from outside the new subdivision or project
    - Appraisers may use comparable sales that are older than 12 months as long as the appraiser can justify and support such use in the appraisal report
Analyzing Comparable Sales

Bracketing
– At least one comparable superior and one inferior to the subject
– As many bracketed items as possible:
  • Unadjusted Sale Price
  • Gross Living Area (GLA)
  • Lot Size
  • Adjusted Sale Price
  • Other Major Physical Characteristics
– Bracketing is a best practice
  • Accurate Picture of Value
  • Tighter Range/Spread of Values
    – Because there are both upward and downward adjustments in each field
  • Conformity to Neighborhood
    – Bracketing size and actual range supports the subject’s conformity to the neighborhood
Analyzing Comparable Sales

Gross Living Area (GLA) Square Footage and Bedroom Count

<table>
<thead>
<tr>
<th>Home Address</th>
<th>GLA (sq ft)</th>
<th>Bedrooms</th>
<th>Bathrooms</th>
<th>Price ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>XXXX Oriole Dr</td>
<td>2000 sq ft</td>
<td>3</td>
<td>2</td>
<td>220,000</td>
</tr>
<tr>
<td>Durham, NC 27701</td>
<td>2300 sq ft</td>
<td>3</td>
<td>2</td>
<td>225,000</td>
</tr>
<tr>
<td>Durham, NC 27707</td>
<td>1800 sq ft</td>
<td>2</td>
<td>1</td>
<td>190,000</td>
</tr>
</tbody>
</table>

Note: The table above shows a sample of comparable sales with details such as address, GLA, bedrooms, bathrooms, and price. This information is crucial for appraiser underwriting.
Analyzing Comparable Properties

Gross Living Area (GLA) Square Footage
– Subject and comps should be similar size
– Differences < 100 square feet are not usually adjusted
  • Common exception: small homes (<1,500 sq ft)

Bedroom Count
– Similar bedroom count is best
– Two bedroom subjects must have at least one two-bedroom comps.
– Appraisers can go up or down one bedroom in choosing comps
  • Ex: Three and four bedroom homes can usually be compared
Analyzing Comparable Properties

Declining Markets

– Check applicable guidelines carefully
– Typical guideline requirements:
  • At least two comparables closed within the past three months
  • A minimum of one, preferably two, listing(s) and/or pending sales
– Downward time adjustments may be warranted
  • If older comparables used
  • If market conditions have changed since the comparable went under contract
Analyzing Comparable Properties

Do the subject and comparables appear to be similar?

<table>
<thead>
<tr>
<th>Subject Front</th>
<th>Comparable 1</th>
<th>Comparable 2</th>
<th>Comparable 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Price</td>
<td>210,000</td>
<td>220,000</td>
<td>230,000</td>
</tr>
<tr>
<td>Gross Living Area</td>
<td>2,294</td>
<td>2,312</td>
<td>2,300</td>
</tr>
<tr>
<td>Total Rooms</td>
<td>4</td>
<td>4</td>
<td>4</td>
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<tr>
<td>Total Bathrooms</td>
<td>2.5</td>
<td>2.5</td>
<td>2.5</td>
</tr>
<tr>
<td>Location</td>
<td>N. West</td>
<td>N. East</td>
<td>N. East</td>
</tr>
<tr>
<td>View</td>
<td>N. View</td>
<td>N. View</td>
<td>N. View</td>
</tr>
<tr>
<td>Size</td>
<td>300000 sq ft</td>
<td>305000 sq ft</td>
<td>310000 sq ft</td>
</tr>
<tr>
<td>Quality</td>
<td>14</td>
<td>15</td>
<td>16</td>
</tr>
<tr>
<td>Age</td>
<td>51</td>
<td>52</td>
<td>53</td>
</tr>
</tbody>
</table>
Analyzing Comparable Properties

Resources

– [http://www.realtor.com](http://www.realtor.com)
  • Recent home sales and listings
  • Neighborhood characteristics information
– Local real estate tax records, local school district sites, free online AVMs (use with caution)
Analyzing Sales Comparison Grid

Start: Comp’s Actual Sales Price

Compare: To make the comp more like the subject, one must add/remove a ______.

Consider: Does ______ bring value to property? If not, no adjustment warranted. If yes, how much?

Example: To make this comp more like the subject, add a full bathroom. (+) The appraiser’s research indicates a bathroom brings $6,000 in value, so there is a + $6,000 adjustment.

Value: Indicated Value for Subject is established by adding/subtracting the column.

Page 45
Analyzing Sales Comparison Grid

Value Adjustment Basics
- Adjustment based on value feature contributes to property
- Not based on building cost
- Differ by market area
- Must be supported, justified and explained
- Should make sense
Analyzing Sales Comparison Grid

Field Types
- Non-Value Adjustment Fields
- Value Adjustment Fields
  - Basic Information
  - Guidelines and Best Practices
Analyzing Sales Comparison Grid

– Address
  • Verify at http://www.usps.com

– Proximity
  • Distance
    – In miles, to two decimal points
    – As the crow flies
  • Direction
    – From the subject, to the comp

---

Page 46

– Sales Price
  • Actual sales price

---
Analyzing Sales Comparison Grid

Sale Price/Gross Living Area
– AKA Price per Square Foot
– Sales Price divided by Gross Living Area square footage
– Can indicate whether the subject and comparables are similar

<table>
<thead>
<tr>
<th>FEATURE</th>
<th>SUBJECT</th>
<th>COMPARABLE SALE # 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Address</td>
<td>XXXX Oriole Drive Durham, NC 27701</td>
<td>23XX Oriole Dr Durham, NC 27707</td>
</tr>
<tr>
<td>Proximity to Subject</td>
<td>0.17 miles W</td>
<td></td>
</tr>
<tr>
<td>Sale Price</td>
<td>$218,000</td>
<td>$223,000</td>
</tr>
<tr>
<td>Sale Price/Gross Liv. Area</td>
<td>$97.15 sq.ft</td>
<td>$111.72 sq.ft</td>
</tr>
<tr>
<td>Data Source(s)</td>
<td>TMLS 12445; DOM 90</td>
<td></td>
</tr>
<tr>
<td>Verification Source(s)</td>
<td>Durham County Assessor</td>
<td></td>
</tr>
</tbody>
</table>
Analyzing Sales Comparison Grid

Data and Verification Sources

– Specific Data Source used for each comparable shown
  • Specific MLS and MLS#, when applicable
  • Other sources explained in the “Comments” section
  • Days on Market (DOM), to four digits, must be included

– Verification Source required

– Data Source can be party related to transaction.
  • So long as Verification Source public, published, and verifiable
Analyzing Sales Comparison Grid

Across the Board Adjustments

– Subject feature
  • No similarly featured comparable
  • Adjustments to each comp in the same direction for any single item of comparison
  • Common Examples: Swimming Pool, Shed, Barn, Greenhouse or Workshop

– Questionable market acceptance

– Unsupported value additions/subtractions

– Additional comparables
  • Older, distant or otherwise not usually acceptable
  • Market acceptance
  • Value
Analyzing Sales Comparison Grid

Sale or Financing Concessions

- First Line
  - Type of sale
- Second Line
  - Financing type
  - Concession Amount

- See Fannie Mae and Freddie Mac Uniform Appraisal Dataset Specification, Field-Specific Standardization Requirements (Appendix D) for abbreviations

<table>
<thead>
<tr>
<th>Feature</th>
<th>Subject</th>
<th>Comparable Sale #1</th>
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<tbody>
<tr>
<td>Address</td>
<td>XXXXX Oriole Dr</td>
<td>23XX Oriole Dr</td>
</tr>
<tr>
<td></td>
<td>Durham, NC 27701</td>
<td>Durham, NC 27707</td>
</tr>
<tr>
<td>Property to Subject</td>
<td>0.17 miles W</td>
<td></td>
</tr>
<tr>
<td>Sale Price</td>
<td>$213,000</td>
<td>$223,000</td>
</tr>
<tr>
<td>Sale Price/Gr.Liv. Area</td>
<td>$97.5 sq. ft.</td>
<td>$111.72 sq. ft.</td>
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<tr>
<td>Data Source(s)</td>
<td>TMLS 12,445; DOM 90</td>
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</tr>
<tr>
<td>Verification Source(s)</td>
<td>Durham County Assessor</td>
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</tr>
</tbody>
</table>

**SALES COMPARISON SHEET**

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<tr>
<th>Concessions</th>
<th>Arm &amp; Lih</th>
<th>Conv. 5000</th>
<th>Adj.</th>
<th>Net Adj (Total)</th>
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<td>Sale or Financing</td>
<td>02/16; 01/16</td>
<td>0</td>
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<td>Location</td>
<td>N; Res;</td>
<td>N; Res;</td>
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<td></td>
</tr>
<tr>
<td>Leased/Free Simple</td>
<td>Fee Simple</td>
<td>Fee Simple</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Size</td>
<td>20000 sf</td>
<td>20038 sf</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>View</td>
<td>N; Res;</td>
<td>N; Res;</td>
<td></td>
<td></td>
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<tr>
<td>Style</td>
<td>DT1; Ranch</td>
<td>DT1; Ranch</td>
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<td></td>
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<tr>
<td>Quality of Construction</td>
<td>D4</td>
<td>D4</td>
<td></td>
<td></td>
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<tr>
<td>Actual Age</td>
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<td>Coalition</td>
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<td>C3</td>
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<td>Above Grade</td>
<td>7</td>
<td>3</td>
<td>2.5</td>
<td></td>
</tr>
<tr>
<td>Room Count</td>
<td>Total</td>
<td>1,996</td>
<td>30,11</td>
<td></td>
</tr>
<tr>
<td>Grade Living Area</td>
<td>2,244</td>
<td>1,996</td>
<td>30,11</td>
<td>+7,400</td>
</tr>
<tr>
<td>Basement &amp; Finished</td>
<td>936 sf460sf</td>
<td>936 sf460sf</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Functionality</td>
<td>Average</td>
<td>Average</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Heating/Cooling</td>
<td>Central Air</td>
<td>Central Air</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Energy Efficient Items</td>
<td>None</td>
<td>None</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Carport</td>
<td>2ga2dw</td>
<td>2ga2dw</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Porch/Deck</td>
<td>Patio</td>
<td>Patio</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fireplace</td>
<td>Brick</td>
<td>Brick</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net Adjustment (Total)</strong></td>
<td>□ + □ - □</td>
<td>□ - 2,600</td>
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<tr>
<td><strong>Adjusted Sale Price</strong></td>
<td>Net Adj.</td>
<td>1.2%</td>
<td>Gross Adj.</td>
<td>10.5%</td>
</tr>
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</table>

Page 47-49
## Analyzing Sales Comparison Grid

### Financing Concessions
- Adjustment required?
- Narrative included?
- Is sales price inflated by concession’s inclusion?

### Sales Concessions
- Non-real property items in contract?
- Non-real property items deducted from sales price?
- Appraisers may use dollar for dollar adjustments for financing or sales concessions when such an adjustment approximates the local market’s response to these types of concessions.

<table>
<thead>
<tr>
<th>FEATURE</th>
<th>SUBJECT</th>
<th>COMPAREABLE SALE #1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Address</td>
<td>XXXX Oriole Drive, Durham, NC 27701</td>
<td>23XX Oriole Dr, Durham, NC 27707</td>
</tr>
<tr>
<td>Property to Subject</td>
<td></td>
<td>0.17 miles W</td>
</tr>
<tr>
<td>Sale Price</td>
<td>$219,000</td>
<td>$223,000</td>
</tr>
<tr>
<td>Sale Gross LIV. Area</td>
<td>$27.15, sq ft</td>
<td>$21.72, sq ft</td>
</tr>
<tr>
<td>Date Source(s)</td>
<td>TM MLS 12445, DOM 90</td>
<td></td>
</tr>
<tr>
<td>Verification Source(s)</td>
<td>Durham County Assessor</td>
<td></td>
</tr>
<tr>
<td>VALUE ADJUSTMENTS</td>
<td>DESCRIPTION</td>
<td>DESCRIPTION</td>
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<td>Sales or Financing Concessions</td>
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<td>Date of Sale</td>
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<td>Location</td>
<td>N Res;</td>
<td>N Res;</td>
</tr>
<tr>
<td>Leased/Free Simple</td>
<td>Fee Simple</td>
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<tr>
<td>Size</td>
<td>20000 sf</td>
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</tr>
<tr>
<td>View</td>
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<td>N Res;</td>
</tr>
<tr>
<td>Design/Style</td>
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<td>DT1 Ranch</td>
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<td>Quality of Construction</td>
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<td>Actual Age</td>
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<td>52</td>
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<tr>
<td>Condition</td>
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<td>C3</td>
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<tr>
<td>Above Grade Total</td>
<td>7</td>
<td>3</td>
</tr>
<tr>
<td>Floor Area</td>
<td>2,244 sft</td>
<td>1,996 sft</td>
</tr>
<tr>
<td>Basement &amp; Finished Floors</td>
<td>936 sf 400 sf</td>
<td>936 sf 400 sf</td>
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<tr>
<td>Functional Utility</td>
<td>Average</td>
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<tr>
<td>Heating Cooling</td>
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<tr>
<td>Energy Efficient Items</td>
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</tr>
<tr>
<td>Basement/Carport</td>
<td>2 ga 2 dw</td>
<td>2 ga 2 dw</td>
</tr>
<tr>
<td>Poc Pula/Patio Deck</td>
<td>Patio</td>
<td>Patio</td>
</tr>
<tr>
<td>Fireplace</td>
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<td>Brick</td>
</tr>
<tr>
<td>Net Adjustment (Total)</td>
<td>4</td>
<td>0</td>
</tr>
<tr>
<td>Net Adjustment (Total)</td>
<td>4</td>
<td>0</td>
</tr>
</tbody>
</table>

Page 47-49
Analyzing Sales Comparison Grid

Date of Sale/Time
- Sale date and contract date
- Market condition adjustments:
  - Sometimes warranted for significant market changes
  - Explanation required
  - Measured from date of contract, not sale

<table>
<thead>
<tr>
<th>FEATURE</th>
<th>SUBJECT</th>
<th>COMPAREABLE SALE #1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Address</td>
<td>XXXX Oriole Dr</td>
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<tr>
<td></td>
<td>Durham, NC 27707</td>
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<tr>
<td>Property to Subject</td>
<td>0.17 miles W</td>
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<tr>
<td>Sale Date</td>
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<tr>
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<td>Condition</td>
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<td>Above Grade</td>
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<td>Grade Living Area</td>
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<td>Basement &amp; Finished Rooms Below Grade</td>
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<td>Energy Efficient Items</td>
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<td>Garage Car port</td>
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<td>Pool/Pool Deck</td>
<td>Patio</td>
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<td>Fireplace</td>
<td>Brick</td>
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<td>+7,400</td>
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<tr>
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</tr>
<tr>
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</tr>
<tr>
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<td>111,111,000</td>
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<tr>
<td></td>
<td>Average</td>
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<td></td>
<td>Central Air</td>
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<td>None</td>
</tr>
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<td></td>
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<td></td>
<td>30,11</td>
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<td>None</td>
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<td></td>
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<td></td>
<td>Brick</td>
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<tr>
<td></td>
<td>30,11</td>
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<tr>
<td></td>
<td>936sf460sf</td>
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<td>111,111,000</td>
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<td></td>
<td>Central Air</td>
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SALES COMPARISON GRID

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<td>Net Adj</td>
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Analyzing Sales Comparison Grid

Location
- Look for similar ratings and factors
  - Neutral (N)
  - Beneficial (B)
  - Adverse (A)
- Factor(s)
  - One or Two
  - Explain what impacts the value rating
- Value adjustment may be warranted:
  - Otherwise similar properties
  - Appraiser explanation

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<td>$223,000</td>
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<tr>
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Adjusted Sales Price of Comparison

Net Adj. 12%
Gross Adj. 10.5%

Adjusted Sales Price 220,400
Analyzing Sales Comparison Grid

Site

- Lot size
  - Not description (i.e. Average)
- Entire site
- Less than one acre:
  - Whole numbers, square footage
- One acre or more:
  - Acreage to two decimal points
- Similarly sized lots
- Adjustments
  - Consistent with lot value in cost approach
  - Supported with market data

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<tr>
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<td>936sf</td>
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Page 51
Analyzing Sales Comparison Grid

**View**

- Look for similar ratings and factors
- Impact on value rating:
  - Neutral (N)
  - Beneficial (B)
  - Adverse (A)
- Factor(s):
  - One or Two
  - Explain what impacts the value rating
- Value adjustment may be warranted:
  - Otherwise similar properties
  - Appraiser explanation

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<td>Sale Area</td>
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<td>$223,000</td>
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<td>Sale Price</td>
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**SALES COMPARISON APPROACH**

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Page 51
Analyzing Sales Comparison Grid

Design
- Attachment Type
  - Attached (AT)
  - Detached (DT)
  - Semi-detached (SD)
- Number of Stories
- Description of Architectural Design/Style
- Narrative
  - i.e. Mid-Century Modern, Colonial, Craftsman, Ranch
  - Non-Architectural descriptions unacceptable
    - Average
    - Brick
  - Any adjustments require explanation
Analyzing Sales Comparison Grid

Quality of Construction

– UAD Quality Rankings: Q1-Q6
  • See Appendix D for specific ratings definitions
    – Q1: Unique
    – Q2: Custom Design
    – Q3: Higher Quality
    – Q4: Meet or Exceed Applicable Codes
    – Q5: Economy Construction
    – Q6: Basic, Lower Cost

– Similar rankings
  • Otherwise, possible adjustment
  • Appraiser explanation

Actual Age

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Analyzing Sales Comparison Grid

Condition

– UAD Condition Rankings: C1-C6
  • See Appendix D for specific ratings definitions
    – C1: New
    – C2: No deferred maintenance
    – C3: Well maintained
    – C4: Minor deferred maintenance
    – C5: In need of significant repairs
    – C6: Substantial damage

– Subject’s condition rating must be the same as rating indicated in Improvements Section
  • Appraisal subject to completion/repair
  • Sales comparison based on anticipated condition upon completion

– Similar rankings
  • Appraiser Explanation

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<th>COMPAREABLE SALE #1</th>
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<td>Address</td>
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<td>$ 223,000</td>
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<tr>
<td>Condition</td>
<td>C4</td>
<td>C3</td>
</tr>
</tbody>
</table>

Above Grade

<table>
<thead>
<tr>
<th>Feature</th>
<th>Total</th>
<th>Bdrm</th>
<th>Bath</th>
</tr>
</thead>
<tbody>
<tr>
<td>Room Count</td>
<td>7</td>
<td>3</td>
<td>25</td>
</tr>
<tr>
<td>Garage Living Area</td>
<td>2,244 sq/ft</td>
<td>1,996 sq/ft</td>
<td></td>
</tr>
<tr>
<td>Basement &amp; Finished</td>
<td>936sf/460sf</td>
<td>1,996sq/ft</td>
<td></td>
</tr>
<tr>
<td>Square Feet</td>
<td>1,910sq/ft/1,080sq/ft</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Functional Utility</td>
<td>Average</td>
<td>Average</td>
<td></td>
</tr>
<tr>
<td>Heating/Cooling</td>
<td>Central A/c</td>
<td>Central A/c</td>
<td></td>
</tr>
<tr>
<td>Energy Efficient Items</td>
<td>None</td>
<td>None</td>
<td></td>
</tr>
<tr>
<td>Carport</td>
<td>2ga2dw</td>
<td>2ga2dw</td>
<td></td>
</tr>
<tr>
<td>Porch/Patiodeck</td>
<td>Patio</td>
<td>Patio</td>
<td></td>
</tr>
<tr>
<td>Fireplace</td>
<td>Brick</td>
<td>Brick</td>
<td></td>
</tr>
</tbody>
</table>

Net Adjustment (Total): $ -2,600

Adjusted Sale Price of Companies

|调整原因 | 1.2% Gross Adj. | 10.5% Blk. | $ 220,400 |
Analyzing Sales Comparison Grid

Bedrooms
– Appraiser explanations for adjustments
– Particular markets

Bathrooms
– Full and half baths reported

Square Footage
– Similar adjustments
## Analyzing Sales Comparison Grid

### Basement

- **First Line**
  - Square footage
  - Finished square footage
  - Basement access:
    - Walk-out (wo), walk-up (wu) or interior only (in)

- **Second Line**
  - Number of rooms
  - Type of finished rooms:
    - Rec room (rr), bedroom (br), bath (ba) or other (o)
  - Baths reported in ‘full.half’ format

- Basement value and adjustments must make sense

### Table: Analyzing Sales Comparison Grid

<table>
<thead>
<tr>
<th>FEATURE</th>
<th>SUBJECT</th>
<th>COMPARE SALE #1</th>
</tr>
</thead>
</table>
| Address | XXXX Oriole Drive  
         | Durham, NC 27701 | 23XX Oriole Dr  
         | Durham, NC 27707 |
| Property to Subject | 0.17 miles W |
| Sale Price | $213,000 | $223,000 |
| Sale Gross Gross Area | 9715 sq ft | 11172 sq ft |
| Data Source(s) | TMLS 1,2445, DOM 90 |
| Verification Source(s) | Durham County Assessor |

### VALUE ADJUSTMENTS

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>DESCRIPTION</th>
<th>(+/-)% Adjustment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Baseline</td>
<td>Arm Lth Conv 5000</td>
<td>-5,000</td>
</tr>
<tr>
<td>Location</td>
<td>N Res; N Res;</td>
<td>0</td>
</tr>
</tbody>
</table>
| Leasehold/ Fee Simple | Fee Simple  
                      | Fee Simple |
| Size       | 20000 sf | 20038 sf |
| View       | N Res; N Res; | 0 |
| Design Style | DT1.Ranch  
              | DT1:Ranch |
| Quality of Construction | Q4  
                          | Q4 |
| Actual Age | 61 | 50 |
| Condition | C4 | C3 |
| Above Grade | 936sf460sf  
               | 936sf460sf |
| Room Count | Total  
             | 7 | 7 |
| Grade Units Area | 2,244 sq ft | 1,996 sq ft |

### Functional Utility

<table>
<thead>
<tr>
<th>Description</th>
<th>Average</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Heating/Cooling</td>
<td>Central Air</td>
<td>Central Air</td>
</tr>
<tr>
<td>Energy Efficient Items</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>Garage/Carport</td>
<td>2ga2dw</td>
<td>2ga2dw</td>
</tr>
<tr>
<td>Porch/Ratio Deck</td>
<td>Patio</td>
<td>Patio</td>
</tr>
<tr>
<td>Fireplace</td>
<td>Brick</td>
<td>Brick</td>
</tr>
</tbody>
</table>

### Net Adjustment (Total)

- 12% Net Adj
- Gross Adj 10.5%
- Total Net Adj -2,600
Analyzing Sales Comparison Grid

Functional Utility
– If adjusted, explained in comments

Heating/Cooling, Energy Efficient Items, Garage/Carport, Porch/Patio/Deck, Fireplace
– Adjustments need to make sense

Other
– In blank spaces appraisers can indicate additional features
### Analyzing Sales Comparison Grid

#### Previous Sale or Transfer History

<table>
<thead>
<tr>
<th>ITEM</th>
<th>SUBJECT</th>
<th>COMPARABLE SALE #1</th>
<th>COMPARABLE SALE #2</th>
<th>COMPARABLE SALE #3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date of Prior Sale/Transfer</td>
<td>05/29/2014</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Price of Prior Sale/Transfer</td>
<td>$213,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Data Source(s)</td>
<td>Triangle MLS &amp; Realquest</td>
<td>Triangle MLS &amp; Realquest</td>
<td>Triangle MLS &amp; Realquest</td>
<td>Triangle MLS &amp; Realquest</td>
</tr>
<tr>
<td>Effective Date of Data Source(s)</td>
<td>04/15/2016</td>
<td>03/15/2015</td>
<td>09/15/2015</td>
<td>09/15/2015</td>
</tr>
<tr>
<td>Analysis of prior sale or transfer history of the subject property and comparable sales</td>
<td>The subject last sold on 5/29/2014 for $213,000. This appeared to be a market transaction with reasonable exposure to the open market. The comparable sales have not sold or transferred in the past 3 years</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Analyzing Sales Comparison Grid

True or False?

– The subject’s appraised value is the average of the indicated values of all the comparable properties

\[
\text{Average} = \frac{153,000 + 157,800 + 163,800}{3} = 158,200
\]

FALSE
## Analyzing Sales Comparison Grid

The appraiser discusses how he/she weighted each comparable and arrived at the indicated value.

- The arrived at conclusion should be:
  - Consistent with the data provided in the report
  - All comments provided by the appraiser
  - All data sources used to verify the report
- Should be supported by the appraisal report!

<table>
<thead>
<tr>
<th>Summary of Sales Comparison Approach</th>
<th>All three sales offer good value measure for the subject property and represent recent market competition</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>All three sales offer similar quality of construction, design appeal, and amenities. Sales 1 and 2 are given the most weight due to their overall similarity, and similar overall condition. Sale 3 offers additional support. It is a slightly larger home that has received updates to the bathroom and new interior paint and floor coverings. All three sales are located on the subject street and offer similar location and view appeal.</td>
</tr>
</tbody>
</table>

| Indicated Value by Sales Comparison Approach II | 218,000 |
Reconciliation

The Appraisal is Made “As Is”
- If any other box is checked, the appraiser or a subject matter expert will review the report provided by the inspector after work is completed

Last Line
- Appraised Value
- Appraisal Date
  - Inspection Date
  - Good for twelve months
  - If more than four months on note date, update must be provided

<table>
<thead>
<tr>
<th>Indicated Value by:</th>
<th>Sales Comparison Approach $</th>
<th>Cost Approach (if developed) $</th>
<th>Income Approach (if developed) $</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>218,000</td>
<td>219,523</td>
<td>216,000</td>
</tr>
</tbody>
</table>

The sales comparison approach is given the most weight in the analysis since it emulates buyer decisions and there is sufficient and reliable data. The cost approach offers additional support but is given less weight due to the age of the home and the difficulty accurately estimating accrued depreciation. The income approach offers additional support but is given minimal weight due to the paucity of rental data.

This appraisal is made ☑ WIP, ☐ subject to completion per plans and specifications on the basis of a hypothetical condition that the improvements have been completed ☐ subject to the following reversals or alterations on the basis of a hypothetical condition that the reversals or alterations have been completed, or ☐ subject to the following required inspection based on the extraordinary assumption that the condition or deficiency does not require alteration or repair. The appraisal is completed as-is.

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 certification, my (our) opinion of the market value, as defined, of the real property that is the subject of this report is $ 218,000 as of 04/22/2016, which is the date of inspection and the effective date of this appraisal.
Comments

Read Comments Section Carefully
– Look for anything impacting:
  • Value
  • Structural Integrity
  • Marketability
Common Red Flags

Common Red Flags Include
– Choosing dated comps, in the absence of sufficient explanation, particularly when there are more recent comps available
– Not relying upon the indicated value from the most similar comparable property
  • Closest
  • Most recent sale
  • Most similar property
– Indicated value outside the predominant range for the neighborhood
– High land to value percentage without explanation.
– Photos show a feature/situation not reflected in the appraisal
  • Major Farm structures or livestock may evidence farm use
  • Appraisers should explain unusual circumstances and confirm that the land is used solely residentially
Common Red Flags

Common Red Flags Include

– Not identifying an area as declining when credible evidence suggests a decline
– Lack of bracketing for price, age and/or square footage
– Lack of comments from the appraiser relating to the property, comps, market or trends in the area
– Boilerplate appraiser statements, such as “best comps” were selected or “there are no additional comps available”
Did You Know

Fannie Mae

– If a lender obtains a second appraisal due to deficiencies found in the original appraisal, lenders must select the most reliable appraisal rather than always using the second appraisal or the one with the highest value (SEL 2018-01)

– Detached condos no longer require project approval (SEL 2018-01)

– Fannie allows two pending sales in lieu of one closed sale in the subject subdivision or project in the event closed sales are not yet available. Three closed sales outside the subdivision or project are still required. (SEL 2017-01)

– The MC1004 or Market Condition Addendum is no longer required to be completed by the appraiser (SEL 2018-06)
Did You Know

Freddie Mac

- Permits the use of pending sales from the subject’s subdivision or project when there are no closed or settled sales available from within the news subject’s subdivision or new project to establish marketability. (Bulletin 2017-3)
- Allows required comparable sales from inside the new subject’s subdivision or project to be provided by the builder or developer of the subject property. (Bulletin 2017-3)
- The MC1004 or Market Condition Addendum is no longer required to be completed by the appraiser. (Bulletin 2018-13)
- Mortgages with settlement dates more than 120 days after the Note date require Sellers to warrant the value of the subject property equal to or not less than the value as of the effective date of the appraisal or, for Mortgages originated with an ACE appraisal waiver, the estimated value or sales price used to underwrite the Mortgage loan in Loan Product Advisor. If the Seller cannot make this warranty, then the Mortgage is eligible for sale only through a negotiated sales transaction through Freddie Mac’s bulk sales unit. (Bulletin 2017-23)
UAD Uniform Appraisal Dataset

UAD and Forms Redesign initiative

– Collection of data from the industry starting back in 2018 to update the UAD and appraisal forms; See the initiative on the UAD website

https://www.fanniemae.com/singlefamily/uniform-appraisal-dataset
**Additional Training**

**Fannie Mae Offers Additional Appraisal Training and FAQs**
- See also Condominium training offerings as well

The Originating & Underwriting Training page provides Fannie Mae training on originating & underwriting loans, our underwriting applications, and best practices. Training solutions include on-demand eLearning courses, online presentations, application demos, job aids, and FAQs.

**Originating & Underwriting Training**

Find the Training Resources You Need

- Originating & Underwriting
- Pricing & Execution
- Delivering
- Servicing
- Live Web Seminars
- Related Training
  - Condo Project Standard

<table>
<thead>
<tr>
<th>General Underwriting</th>
<th>Mortgage Products</th>
<th>Loan Quality</th>
<th>Technology Solutions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>updated</strong></td>
<td></td>
<td></td>
<td><strong>updated</strong></td>
</tr>
</tbody>
</table>

Training focusing on underwriting the borrower and the property.

**Job Aids / FAQs**
- At a Glance | Selling Guide Updates Related to the Tax Cuts and Jobs Act
- FAQs | Appraisal and Property Related Frequently Asked Questions
- FAQs | Appraiser Independence Requirements
- FAQs | Project Insurance Requirements
- FAQs | Project Standards Requirements
- FAQs | Property Inspection Waiver (General Questions)

**Online Courses / Microlearning**
- Adjustable-Rate Mortgage Overview
- Rural Appraisal Challenges
- Assessing Income from Self-Employment
- Condo Project Standards Training Page
- Condos - Project Review Guidelines for Condos
- Day 1 Certainty - DU Validation Service Overview: Income, Employment, and Assets

[https://www.fanniemae.com/singlefamily/originating-underwriting-training](https://www.fanniemae.com/singlefamily/originating-underwriting-training)
Additional Training

Freddie Mac Offers Additional Appraisal Training

https://learn.freddiemaclearning.com/Saba/Web_spf/NA3P1PRD0123/guest/guestlearningcatalog
Additional Training

Freddie Mac Offers Additional Appraisal Training

https://learn.freddiemaclearning.com/Saba/Web_spf/NA3P1PRD0123/guest/guestlearningcatalog
Genworth MI Coverage and Appraisals

Sales Comparison Considerations: Underwriting Loans for Genworth MI Coverage

– Genworth Appraisal Guidelines can be found online
  • https://new.mi.genworth.com/guidelines,
  • Under the “Rates and Guidelines” tab
– “Value Not Supported by Comparables” is often cited on Genworth’s “Top MI Decision Errors” as a common underwriting issue
  • https://new.mi.genworth.com/underwriting-tips-and-credit-policy
– Genworth follows Agency Appraisal Standards and Uniform Standards of Professional Appraisal Practice (USPAP) guidelines
– When Genworth’s underwriting manual is “silent” and does not address a guideline, the lender must follow Agency Standard guidelines
  • See the “Delegated MI Underwriting Decision Tips” flier for additional information
Training Tools and Information

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Let’s quote quick.
Let’s wow now.

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- Self-Employed Borrower Calculators
- Get to Know Our Trainers
- Learn About That MI Guy
- Get Answers to FAQs

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LOS
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LET’S GO

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Course Catalog

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Browse by Topic

Mortgage Industry Skills
Professional Development Skills
That MI Guy
Tutorials

Browse by Role

Mortgage Professional

Featured Courses

NAR 2018 Profile of Home Buyers and Sellers

Due to various internet browser versions, please download and save PDF before entering data. Please note, calculators are updated periodically.

- Fannie Mae Form 1084 Calculator (2017-2018)
- Freddie Mac Form 91 Calculator (2017-2018)
- Rental Income Calculator (2017-2018)
- Current Ratio - Liquidity Calculator (2017-2018)
- Fannie Mae Rental Guide (Calculator 1039)
- Fannie Mae Rental Guide (Calculator 1038)
Additional MI Site Information

**What's New**
- Our New Look
- New eBook for LOs
- Training

**Self-Employed Borrower Tools**
- Valuable income calculation tools and reference guides for calculating self-employed borrower income.
- Fannie Mae Form 1064 Calculator (2017-2018)
- Freddie Mac Form 41 Calculation
- Rental Income Calculator (2017-2018)

**Homebuyer Education**
- Help first-time homebuyers prepare for the homebuying process. Your no-fee resource!

**Genworth MI Community**
- Weekly Economic Report 03.19.18...
- Labour Market improves with a very tight job market.

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- View Your Team

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- Your Local Genworth Regional Underwriter
- Your Genworth Sales Representative
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