



For Credit Unions

Appraisal Review Techniques

FOR INDIVIDUAL
CONDOMINIUM PROPERTIES



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Arch Mortgage Insurance Company (Arch MI) is providing this training, Appraisal Review Techniques for Individual Condominium Properties, to you for use as a training tool only. These materials are not intended nor should they be relied upon for any other purpose, including underwriting actual mortgage loans without independent verification and testing by your in-house quality control and/or compliance personnel or actual review of documents that may be presented in the materials. All materials presented are samples for illustrative purposes only.

This module is intended to give guidance on the review of a condominium appraisal. This module does not however, infer salability of the collateral. Refer to investor guidelines and/or Arch MI underwriting guidelines for specific collateral requirements.

This appraisal review techniques discussion is based on the forms currently in use in the residential mortgage market. However, new forms or new versions of existing forms, may be published over time and it is important for the loan underwriter, appraiser and other mortgage industry professionals to use current forms for each loan.

CHAPTER ONE

INTRODUCTION TO APPRAISAL REVIEW FOR CONDOMINIUM PROPERTIES

A critical step in the mortgage origination process is the review of the property appraisal report. The evaluation of the property is a vital component in the analysis of a mortgage as the collateral is the ultimate security for the loan. Underwriters are expected to place as much emphasis on appraisal review as they do on qualifying the member's creditworthiness. Mortgage underwriters must have a solid understanding of the appraisal process and they should also be versed in Fannie Mae and Freddie Mac requirements and procedures so the loan package will be eligible to these agencies. The credit union is generally accountable to Fannie Mae, Freddie Mac or any other secondary market investor for the accuracy of the appraisal and so the ultimate responsibility falls on the mortgage underwriter.

▪ **Credit Union**

Credit unions are responsible for selecting an Appraiser who has the knowledge and experience that are required to perform a professional quality appraisal in a specific geographic location for the particular property type for which the credit union needs an appraisal. The Appraiser must also have knowledge about, and access to, the necessary and appropriate data sources for the area in which the appraisal assignment is located. Credit unions are solely accountable for the performance of the Appraisers they select and must make all required representations and warranties related to the appraisal and condition of the property.

▪ **Appraiser**

The Appraiser is to provide complete and accurate reports; to report neighborhood and property conditions in factual and specific terms; to be impartial and specific in describing favorable or unfavorable factors; and to avoid the use of subjective, racial or stereotypical terms, phrases or comments in the appraisal report. The opinion of value must represent the Appraiser's professional conclusion, based on market data, logical analysis and judgment.

- **Underwriter/Reviewer**

It is the underwriter's responsibility to review the appraisal in its entirety for completeness, accuracy and consistency to ensure that it provides an adequate determination of property value, regardless of what message is received from any automated underwriting system or other collateral assessment tool.

When an appraisal report is deficient, additional clarification of information or methodology must be requested from the Appraiser in order to make an informed decision. The estimate of value must be based on adequate data, logical analysis and judgment, and must present a clear and reasonable conclusion.

The most commonly used form for appraising condominium properties is the **Individual Condominium Unit Appraisal Report**, or **Fannie Mae Form 1073/Freddie Mac Form 465**. This training module is designed to convey basic appraisal theory and techniques that will provide the Reviewer with a basis for appraisal review of condominiums. The **Fannie Mae Form 1073/Freddie Mac 465** is the most comprehensive and universally accepted individual condominium unit appraisal form.

Chapter 1 of this module is intended to describe the data and commentary that are expected in each section and highlight some common issues that may arise in the review of the **Individual Condominium Unit Appraisal Report**. A reproduction of this form is included as a working reference for a successful appraisal review.

The **IMPORTANT NOTES** will call attention to concerns and common issues that may surface during the review of an appraisal.

INDIVIDUAL CONDOMINIUM UNIT APPRAISAL REPORT

FANNIE MAE FORM 1073/FREDDIE MAC FORM 465 PAGE 1 – FORM 1073/465

PURPOSE: The very first line item on Page 1 of the Individual Condominium Appraisal Report describes the purpose of the appraisal report, the intended user and makes reference to Market Value. Although there are numerous definitions of value, the definition of Market Value is of key importance in the residential mortgage appraisal process.

From the Appraiser's viewpoint, Market Value is defined as follows: The most probable price that a property should bring in a competitive and open market under all conditions requisite to a fair sale; the buyer and seller each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus.

Implicit in this definition is the consummation of a sale as of a specific date and passing of title from seller to buyer under conditions as whereby:

- Buyer and seller are typically motivated.
- Both parties are well-informed or well-advised, and each party is acting in what they consider their own best interest.
- A reasonable time is allowed for exposure in the open market.
- Payment is made in cash or its equivalent.
- Financing, if any, is on terms generally available in the community, at the specified date, and typical for the property type in its locale.
- The price represents a normal consideration for the property sold unaffected by special financing amounts and/or terms, services, fees, costs or credits incurred in the transaction.

The purpose of this section is to identify the subject property, key parties to the transaction, transaction type and to describe the property rights to be appraised. Often the basic information requested is not available to the Appraiser unless provided by the credit union, developer or obtained by direct review of the title documents or sales contract. It is essential that the Appraiser receive and review the sales contract.

S U B J E C T	Property Address		Unit #	City	State	Zip Code	
	Borrower		Owner of Public Record		County		
	Legal Description						
	Assessor's Parcel #		Tax Year		R.E. Taxes \$		
	Project Name		Phase #	Map Reference	Census Tract		
	Occupant	<input type="checkbox"/> Owner	<input type="checkbox"/> Tenant	<input type="checkbox"/> Vacant	Special Assessments \$	HOA \$	<input type="checkbox"/> per year <input type="checkbox"/> per month
	Property Rights Appraised <input type="checkbox"/> Fee Simple <input type="checkbox"/> Leasehold <input type="checkbox"/> Other (describe)						
	Assignment Type <input type="checkbox"/> Purchase Transaction <input type="checkbox"/> Refinance Transaction <input type="checkbox"/> Other (describe)						
	Lender/Client		Address				
	Is the subject property currently offered for sale or has it been offered for sale in the twelve months prior to the effective date of this appraisal? <input type="checkbox"/> Yes <input type="checkbox"/> No						
Report data source(s) used, offering price(s), and date(s).							

The appraisal must clearly identify the subject property by stating the complete:

Property Address — This provides a complete street address for the subject unit; however, in some cases this address may only identify the unit's project address and will not identify the subject unit within the project.

Unit # — Any associated unit number or code used in conjunction with the street address. The unit number may be of greater importance for larger condominium projects. If the subject unit has a separate address, as often occurs in townhouses, a unit number or other identifier may not be necessary.

Member — The individual or individuals applying for the mortgage on the subject property.

Owner of Public Record — This is the current owner of record of the subject property typically recorded at the county level or other governmental jurisdictions such as township, borough or parish. If the transaction is a purchase, this should be the seller as listed on the sales contract. If the transaction is a refinance, this should be the member.

County — This will normally be the county where the subject is located and also the jurisdiction that records documents associated with the subject property.

Legal Description — A method of geographically identifying a parcel of land, which is acceptable in a court of law. Legal descriptions can be lengthy and typically will include a unit number. The Appraiser may attach the deed, title description or other addendum to the report.

Assessor's Parcel # — The Assessor's Parcel Number (APN) is the county's tax identification number for the property. In some instances, the property may be new or proposed construction and an APN has not yet been issued. In this case, the APN field may be blank, or the Appraiser has indicated "None." Lastly, some jurisdictions may not use APNs. However, the Appraiser should report comparable information that is available and typically used in the market area.

Tax Year — The current or last reported tax assessment year for the subject property.

R. E. Taxes \$ — This field contains the current or last reported real estate tax assessment on the property. This field should contain the dollar amount of annual taxes levied on the property.

Project Name — The subject's project or development is identified here and typically references the entire project.

Phase # — Large, ongoing developments also require identification of the phase in which the subject is located. For example, a large condominium project with 800 units may be built and sold in four phases of 200 units each.

Map Reference — Another reference method for locating the subject property, often associated with local area maps such as Thomas Brothers, Hagstrom Maps, Multiple Listing Service (MLS) and others.

Census Tract — Another method for approximate location of the subject property within a geographic area, based on population thresholds as established by the U.S. Census Bureau. Census Tracts are also used for Home Mortgage Disclosure Act (HMDA) reporting.

Occupant — This field indicates whether the current occupant of the property is the owner or a tenant, or if the property is now vacant. Only one selection is permitted.

Special Assessments \$ — This field is reserved for any taxes, bonds or levies against the property aside from real estate taxes and Homeowners Association (HOA) or project dues and fees, and can vary in type from region to region. These assessments are typically for municipal improvement bonds or development surcharges and could include such items as water and sewer improvements, street lighting, and park and recreation development. These fees are typically annualized and paid over a period of years (for example, five to 25 years). If the subject has a large special assessment and the comparables do not, then an adjustment is likely in order on the Sales Comparison Approach on Page 3 of the Uniform Residential Appraisal Report (URAR).

HOA \$ — This field records the dollar amount of HOA dues that are paid for the maintenance of common areas. The dollar amount should be calculated and reported on a per-month basis. It is the Appraiser's responsibility to determine if the HOA fees are reasonable in comparison to competing projects and estimate the effect on value of any significant difference.

IMPORTANT NOTE: For some new condominium projects, the developer/builder may set initial HOA fees too low in order to attract buyers. Once the management passes from the developer to the HOA, the new owners association may need to raise HOA fees to manage the project. Make sure the subject's HOA fees are similar to existing condominiums.

Property Rights Appraised — The concept of “rights” refers to the degree and type of ownership interest in the subject property. The broadest categories are:

- *Fee Simple* — This denotes ownership of all the bundle of rights in a parcel of real property (i.e., the right to use the real estate, to sell it, to lease it, to give it away or the option to choose to exercise all or none of these rights), subject only to the limitations of the powers of government. For condominium units, the Fee Simple aspect is restricted to individual units or sections of multi-unit buildings or developments. This can still represent a form of fee ownership; however, the individual unit owner typically has no fee interest in the land. Typically, all land and common areas are placed in joint ownership and fees cover maintenance of all improvements and common areas.
- *Leasehold* — The “right” of use and occupancy of a property for a stated term under prescribed circumstances by virtue of a lease agreement.

Assignment Type — This provides the Reviewer with information on the type of transaction associated with the subject property and appraisal: Purchase, Refinance, or Other. If Other is chosen, a description is required.

Credit Union/Client — Generally indicates who ordered the appraisal report and who the intended users are. The Credit Union/Client should be the submitting credit union or third-party originator.

Address — This would represent the credit union’s address. Comparison of the credit union address to the Appraiser’s and subject’s addresses can be revealing as to the level of local market knowledge and motivations applied to the appraisal. Detailed address information for these parties is also located on Page 6 of Form 1073/465.

Is the subject property currently offered for sale or has it been offered for sale in the twelve months prior to the effective date of this appraisal? ☐ Yes ☐ No — The Appraiser must research and indicate if the property has been offered for sale within 12 months prior to the effective date of Appraisal.

Report data source(s) used, offering price(s), and date(s) — If offered for sale, the listing details should be provided regarding the source of this data, typically from local MLS, including list price and dates. The Appraiser must also enter the days on market (DOM) for the subject property.

This section of the appraisal report provides information on the current purchase contract for the subject property being appraised.

CONTRACT	<input type="checkbox"/> did <input type="checkbox"/> did not analyze the contract for sale for the subject purchase transaction. Explain the results of the analysis of the contract for sale or why the analysis was not performed.		
	Contract Price \$	Date of Contract	Is the property seller the owner of public record? <input type="checkbox"/> Yes <input type="checkbox"/> No Data Source(s)
	Is there any financial assistance (loan charges, sale concessions, gift or downpayment assistance, etc.) to be paid by any party on behalf of the borrower? <input type="checkbox"/> Yes <input type="checkbox"/> No		
	If Yes, report the total dollar amount and describe the items to be paid.		

I ☐ did ☐ 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. — The section provides input from the Appraiser to indicate that he did or did not analyze the subject's purchase or sales agreement, with several spaces to explain the analysis, and if not analyzed, why not. The Appraiser must also indicate the type of sale for this transaction (for example, Real Estate Owned (REO) sale, estate sale, arm's-length sale, etc.).

Contract Price \$ — This would represent the subject's agreed-to sale price from the sales contract or purchase agreement.

Date of Contract — This represents the contract date from the sales contract or purchase agreement.

Is the Property Seller the Owner of Public Record? ☐ Yes ☐ No; Data Source(s) — This is important and should match with the similar item within the Subject section above. If these two items do not match, then this should be further researched and clarified.

Is there any financial assistance (loan charges, sales concessions, gift or down payment assistance, etc.) to be paid by any party on behalf of the member?

☐ Yes ☐ No If Yes, report the dollar amount and describe the items to be paid — This information should indicate and describe any loan charges, sales concessions or gifts paid by seller (or any other party who has a financial interest in the sale or financing of the subject property). Additionally, they may be in the form of discounts, settlement charges, HOA fees, interest rate buydowns or unit upgrades, etc. The existence of this activity may indicate soft market conditions or marketability issues associated with the subject, especially if not normal and customary for the market. Some of these items or activities may also have a direct impact on the subject's appraised value. The above question further stresses the importance of the Appraiser obtaining and analyzing a complete copy of the purchase agreement.

IMPORTANT NOTE: Fannie Mae and Freddie Mac guidelines require that the credit union provide the Appraiser with all financing data and sales concessions that have been granted by anyone associated with the transaction.

The purpose of the Neighborhood analysis is to identify a contiguous area that is subject to the same influences (based on common characteristics, trends, price, age and land use) as the subject property. The analysis should clearly define the area from which comparable sales are selected and provide boundaries, such as streets, rivers, etc. The analysis should identify any characteristics that might influence the marketability of the properties within the neighborhood and contain comments on any existing environmental hazards. The Reviewer must be satisfied that the neighborhood will be acceptable to a sufficient number of buyers to support an active, ongoing market for the property. In this section, the Reviewer becomes familiar with the general neighborhood and is alerted to any adverse influences like airport noise or any positive influence, such as a buffer area protecting the property from high traffic noises, etc. It is critical to the Reviewer that the comments at the end of this section are complete. Individual characteristics are treated as follows:

Note: Race and the racial composition of the neighborhood are not appraisal factors.									
Neighborhood Characteristics			Condominium Unit Housing Trends			Condominium Housing		Present Land Use %	
NEIGHBORHOOD	Location	<input type="checkbox"/> Urban <input type="checkbox"/> Suburban <input type="checkbox"/> Rural	Property Values	<input type="checkbox"/> Increasing <input type="checkbox"/> Stable <input type="checkbox"/> Declining	PRICE	AGE	One-Unit	%	
	Built-Up	<input type="checkbox"/> Over 75% <input type="checkbox"/> 25-75% <input type="checkbox"/> Under 25%	Demand/Supply	<input type="checkbox"/> Shortage <input type="checkbox"/> In Balance <input type="checkbox"/> Over Supply	\$ (000)	(yrs)	2-4 Unit	%	
	Growth	<input type="checkbox"/> Rapid <input type="checkbox"/> Stable <input type="checkbox"/> Slow	Marketing Time	<input type="checkbox"/> Under 3 mths <input type="checkbox"/> 3-6 mths <input type="checkbox"/> Over 6 mths		Low	Multi-Family	%	
	Neighborhood Boundaries				High	Commercial	%		
						Pred.	Other	%	
Neighborhood Description									
Market Conditions (including support for the above conclusions)									

Neighborhood Characteristics — Subsections within the Neighborhood section are displayed and discussed as follows:

- **Location** — Urban relates to a city, Suburban to an area adjacent to a city and Rural is anything beyond the suburban area. Rural areas are typically less than 25% developed and exhibit slower growth and longer marketing times than Urban or Suburban neighborhoods.
- **Built Up** — Indicates the extent to which the neighborhood has been developed. If Under 25% is marked, the Reviewer should examine the development progress and its impact on property values and this should be addressed in detail by the Appraiser.
- **Growth Rate** — The Reviewer uses this information to determine the current stage in the life cycle of the neighborhood. Growth is generally rapid in new and developing neighborhoods. Once all available land is developed, growth tends to reach equilibrium, or is Stable. Change and growth continues even in older and developed neighborhoods via a change in land use or redevelopment. There should be an adequate explanation if Slow is indicated.

Condominium Unit Housing Trends — The items below provide key data on neighborhood condominium trends that will have direct impact on and indicate value trends:

- **Property Values** — Increasing or decreasing values require comments and should correlate to Date of Sale/Time adjustments found in the Sales Comparison Approach on Page 3. In a declining market, a determination should be made by the Reviewer as to whether maximum financing is acceptable.

- *Demand/Supply* — There should be an adequate explanation for an Over Supply and a statement on its impact on value and marketability in the comments at the end of this section.
- *Marketing Time* — If “Over 6 months” is marked, the Appraiser should provide an adequate description of the subject’s marketability. Longer marketing times often indicate a possibility of declining values. There can also be a seasonal aspect associated with this item due to climatic aspects. For example, marketing times in desert areas during the summer months may be longer than in the winter.

Condominium Housing — This field provides a description of the condominium housing stock in the subject’s neighborhood. The Appraiser should present the low and high values to establish a range for the following components:

- *Price* — The sales prices of the comparable sales and the appraised value of the subject unit should be within the indicated range shown here. Reflected is the price range where typical sales activity occurs, after eliminating isolated extremes. If the subject’s indicated value is at the extreme upper end or outside the range established, it could indicate an over-improvement. The Appraiser is expected to comment on any divergence and offer an opinion as to the impact on marketability.
- *Age* — The Reviewer should expect the age of the subject property to fall within the age range of condominium properties in the subject’s neighborhood or to otherwise be explained in the commentary.
- *Low/High* — This is where the Appraiser puts the low and high price range where typical sales activity occurs.
- *Predominant* — This field presents the neighborhood’s most frequently occurring condominium sales price and age. The Reviewer must feel comfortable that there is an ongoing market for the subject’s price range. If the subject’s indicated value differs dramatically from the predominant neighborhood values, the Appraiser must explain the divergence.

Present Land Use % — The fill-in spaces provide the percentage distribution of land use and helps the Reviewer determine whether the subject (an individual condominium unit) is negatively affected by other land uses such as apartments, commercial, industrial, etc. The total of all uses should equal 100%.

Neighborhood Boundaries — These important comments identify a contiguous area that is subject to the same influences (based on common characteristics) as the subject condominium unit and project. Most importantly, the analysis should clearly define the area from which the comparable sales are selected and provide specific boundaries such as major streets, hills, rivers, railroads, etc. Comparable sales located outside these boundaries require an explanation. Urban neighborhoods would typically have smaller and better defined neighborhoods, while rural neighborhoods may be more general and be larger in geographic size.

Neighborhood Description — Provides comments regarding neighborhood characteristics and identification, including boundaries, neighborhood characteristics and marketability. This may include comments on the neighborhood life cycle, condominium projects, land use, proximity to employment centers, amenities and adverse environmental influences.

Market Conditions (including support for above conclusions) — This Comment section is where the Appraiser is expected to provide appropriate support for the Neighborhood Characteristics, Trends, Prices, Ages and Land Use categories above. Additionally, comments can also include demand and supply, marketing times and data on competitive properties in neighborhood.

Further analysis can be found on the Market Conditions Report (Fannie Mae Form 1004MC/Freddie Mac Form 71).

The site should be of a shape, size, and topography to support a development that is generally acceptable and competitive in the subject project's marketing area. The Reviewer should be assured that any unusual or atypical characteristics are indicated and have been explained by the Appraiser in the comments.

PROJECT SITE	Topography		Size		Density		View											
	Specific Zoning Classification		Zoning Description															
	Zoning Compliance		<input type="checkbox"/> Legal <input type="checkbox"/> Legal Nonconforming – Do the zoning regulations permit rebuilding to current density?		<input type="checkbox"/> Yes <input type="checkbox"/> No													
	<input type="checkbox"/> No Zoning <input type="checkbox"/> Illegal (describe)																	
	Is the highest and best use of the subject property as improved (or as proposed per plans and specifications) the present use? <input type="checkbox"/> Yes <input type="checkbox"/> No If No, describe																	
	Utilities		Public		Other (describe)		Public		Other (describe)		Off-site Improvements—Type		Public		Private			
	Electricity		<input type="checkbox"/>		<input type="checkbox"/>		Water		<input type="checkbox"/>		<input type="checkbox"/>		Street		<input type="checkbox"/>		<input type="checkbox"/>	
	Gas		<input type="checkbox"/>		<input type="checkbox"/>		Sanitary Sewer		<input type="checkbox"/>		<input type="checkbox"/>		Alley		<input type="checkbox"/>		<input type="checkbox"/>	
	FEMA Special Flood Hazard Area		<input type="checkbox"/> Yes <input type="checkbox"/> No		FEMA Flood Zone				FEMA Map #				FEMA Map Date					
	Are the utilities and off-site improvements typical for the market area? <input type="checkbox"/> Yes <input type="checkbox"/> No If No, describe																	
Are there any adverse site conditions or external factors (easements, encroachments, environmental conditions, land uses, etc.)? <input type="checkbox"/> Yes <input type="checkbox"/> No If Yes, describe																		

The first lines in this section describes the following site characteristics, which the Appraiser should describe and compare to other sites in the neighborhood.

Topography (contour and surface features) — Should be described as “level,” “gentle upslope,” etc. The topography will have an impact on several of the other site characteristics and have an impact on value.

Size — Is described in comparison to other neighborhood project sites.

Density — Determines the number of units per acre and affects unit type and appeal.

View — Is an important factor and can add significant value to the project and individual unit. When reviewing an appraisal for a unit in a high-rise condominium project, it is very important to determine the subject's view or lack of view in comparison to the comparables provided either within the subject project or comparable project. Obviously, the use of view comparables, when the subject has no view, will result in an overvaluation. The Appraiser must specify the overall view rating as Neutral (N), Beneficial (B) or Adverse (A), and provide at least one, but no more than two, view factors to provide details about the overall view rating.

Specific Zoning Classification — This would represent the specific site zoning code as established by local government. An example might be “M-100 Multifamily Residential” rather than simply “multifamily.”

Zoning Description — A general statement to describe the zoning such as “Multifamily” or “High-rise.” This description can also include the number of stories and/or unit density per acre or square foot; for example, HR-100 (high-rise 100 units/quarter acre). Ideally, comparable projects selected in the Sales Comparison Approach should have similar zoning descriptions.

Zoning Compliance — One of the most important aspects to consider for the subject's site is Zoning Compliance. Ideally, the first checkbox, Legal, is marked. If the improvements do not represent a legal, conforming use, the appraisal must address this issue and its effect on the marketability and value of the subject. Lack of zoning, or no zoning, also requires an explanation from the Appraiser.

IMPORTANT NOTE: There are some municipalities and properties that have no zoning regulations; however, condominium projects in these markets would not be typical.

Is the highest and best use of the subject as improved (or as proposed per plans and specifications) the present use? ☐ Yes ☐ No **If No, describe** — If the answer is “No,” the appraisal should provide verification that the property is suitable security for a residential loan and describe in detail. In such cases, the Government Sponsored Enterprises (GSEs) will likely not purchase the mortgage. “Highest and Best Use” is defined as that use which would produce the greatest current value. If the subject's Highest and Best Use is not “residential,” then the URAR form is likely not applicable.

Utilities — Public and Other (usually private, or community) — Utilities (electricity, gas, water and sewer) must be available to the site. The utilities must meet community standards and be generally acceptable to area residents. The Appraiser should describe the service's acceptability, legality and effect on the subject's market value.

Off-site Improvements-Type — Off-site improvements should be analyzed in relation to the project in general, as well as the individual unit. The Reviewer should determine the type of off-site improvements (streets and alleys) that are present and determine if they are publicly or privately maintained. If the street is marked Private, access to property should be deeded to the condominium association and an adequate, legally enforceable agreement for maintenance should be available.

FEMA Special Flood Hazard Area — This section, if checked “Yes,” will indicate that the subject site is located within an area that has a greater than a 1% chance of experiencing a 100-year flood event within the next 100 years and will typically require flood insurance over and above homeowners' insurance. The Reviewer should carefully scrutinize the Special Flood Hazard Area (SFHA) as it could indicate an unacceptable location or one that requires special flood insurance.

FEMA Flood Zone — This represents the Federal Emergency Management Agency (FEMA) flood zone code. There are numerous codes, but typically sites located in a FEMA flood zone with the following codes of: A, AE, AH, AO, A1-30, A-99, V, VE, VO and V1-30 will usually require flood insurance.

FEMA Map # — This is the actual FEMA Map Number that identifies and locates the subject's site within.

FEMA Map Date — Indicates how current the FEMA map is. Using the most current maps will reflect any updated flood control projects that can impact potential flooding and Flood Zone code classification for the subject site.

Are the utilities and off-site improvements typical for the market area? ☐ Yes ☐ No **If No, describe** — This section provides confirmation and or information on utility service and streets and alleyways that provide access to the site. If the street is marked Private, access to the property should be deeded to the condominium association and an adequate, legally enforceable agreement for maintenance should be available.

Are there any adverse site conditions or external factors (easements, encroachments, environmental conditions, land uses, etc.) ☐ Yes ☐ No **— If Yes, describe** — The Appraiser should comment on any adverse, environmental conditions or external factors that may impact the site value. Some examples are: easements, encroachments, illegal zoning, slide areas, high voltage power lines, cell phone towers and large industrial plants located near the subject. The existence of any adverse conditions should be taken into consideration when reviewing the Sales Comparison Approach on Page 3 of the report; the Reviewer should ensure that the Appraiser has properly addressed these items in the Location, View, Functional Utility and blank lines respectively.

Appraisals of individual condominium units introduce considerations not presented in single-family detached property appraisals due to differentials in ownership and physical characteristics. A condominium unit owner has title to an individual unit and a partial interest in the unit's entire project. Unit owners are members of an association that manages the project and controls use and maintenance of the common areas. Condominium projects can be high-rise, mid-rise, garden or townhouse style. High-rise units are arranged vertically, one on top of the other, require elevators and can accommodate as many stories, typically 10 or more, as is structurally possible in order to use the land with maximum efficiency in an urbanized area. Mid-rise units range from four to nine stories in height, generally have a front entrance and lobby, common corridors and covered parking. Garden and low-rise projects are generally no more than three stories, have common walls and are built around a central courtyard or face some form of landscaped area. Townhouse units are attached via common walls and have individual entrances. Many offer patios and garages or covered parking.

A physical description of the overall project is essential in determining the value of an individual unit. The Reviewer should concentrate on the description of the project's size, type, composition, structural components and common-area features. The data should be consistent with the information found on the Sales Comparison section and photos. Of paramount importance to the Reviewer is the understanding that the marketability of the subject unit depends on the overall marketability and appeal of the project as a whole. This section helps the Reviewer to determine whether the subject project can compete with projects in the subject's marketing area.

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

The Project Information section starts out by requesting the following:

Data sources(s) for project information — The Appraiser should identify the source from which he obtained this data, such as the builder/developer, HOA or association manager.

Project Description — ☐ Detached ☐ Row or Townhouse ☐ Garden ☐ Mid-Rise ☐ High-Rise ☐ Other (describe) — One of these project classifications should be selected for this section. The story/project definitions in the first paragraph may be helpful to determine which classification should be checked.

General Description — This project subsection provides various checkboxes and questions that identify various project features. These characteristics are fairly straightforward and include:

- *# of Stories* — Provides an indication of project type (low-rise, high-rise, etc.).
- *# of Elevators* — One or more elevators are common in projects over three stories and will typically have front entries, common corridors and similar plans on each floor in order to maximize elevator access.

- ☐ *Existing* ☐ *Proposed* ☐ *Under Construction* — These checkbox options alert the Reviewer to address issues such as choice of comparable sales or completion requirements.
- *Year Built* — The actual year the subject project was completed.
- *Effective Age* — Should accurately reflect the property's condition (perceived age) based on the level of maintenance or lack thereof. Effective Age will always be less (or equal to if new construction) to Chronological Age (Yrs) when regular maintenance is performed on the project.

General Description (2) — Provides project construction and parking information for the project. The potential benefits of this data may include a quality indicator, maintenance aspects and appropriate comparable selection as follows:

- *Exterior Walls* — This would generally provide a brief description like wood siding, vinyl or brick.
- *Roof Surface* — Asphalt, wood, tile, etc.
- *Total # Parking* — Parking spaces, especially in urban markets, can contribute significantly to a unit's value.
- *Ratio (spaces/units)* — An important aspect of the unit's parking privileges, and in some cases may involve additional costs or monthly fees, especially in urban areas.
- *Type* — An Appraiser may describe this as covered, underground, carport, etc.
- *Guest parking* — The number of spaces provided for temporary visitors.

The following three column headers tell the Reviewer the status of the subject's-phasing and construction completion. Comparison of the number of units completed to the number of sales is a revealing indicator of market acceptance.

Subject Phase — Includes the following:

- *# of Units.*
- *# of Units Completed.*
- *# of Units for Sale.*
- *# of Units Sold.*
- *# of Units Rented.*
- *# of Owner Occupied Units.*

The Subject Phase section above provides an indication of the size of the subject's phase, unit counts, absorption levels, rental use and number of owner-occupied units.

If Project Completed — Includes the following items, to indicate the degree of construction completed:

- *# of Phases.*
- *# of Units.*
- *# of Units for Sale.*
- *# of Units Sold.*
- *# of Units Rented.*
- *# of Owner Occupied Units.*

A hypothetical example for the above: If the project has three phases of 50 units each and 10 units are sold and none (0) rented, the box would read: # of Phases = 3, # of Units = 150, # of Units for Sale = 140, # of Units Sold = 10, # of Units Rented = 0 and # of Owner Occupied Units = 10.

If Project Incomplete — Includes information for the project that has not completed the construction phase:

- *# of Planned Phases.*
- *# of Planned Units.*
- *# of Units for Sale.*
- *# of Units Sold.*
- *# of Units Rented.*
- *# of Owner Occupied Units.*

This above section or box indicates the degree of market acceptance along with an indication of the developer's marketing expertise, timing and planning for incomplete projects.

The project status indicators provide key phase and construction status in addition to project market acceptance. For incomplete projects, partially sold-out projects and conditional project acceptance, there can be additional addenda required.

Project Primary Occupancy — ☐ Principal Residence ☐ Second Home or Recreation ☐ Tenant — This description tells the Reviewer the Project Primary Occupancy and whether its function is predominantly for Principal Residence, Second Home or Recreational, and/or Tenant usage. Principal Residences are typically purchased for year-round occupancy, while Second Homes or Recreational Properties are used on a seasonal basis and are generally near recreational areas. "Tenant" would indicate non-owner occupancy and usually represent an investment property. This line item may also indicate the type of loan programs the project and unit may be eligible for, as all three of these broad categories may have different guidelines and loans terms.

Is the developer/builder in control of the Homeowners' Association (HOA)?

☐ Yes ☐ No — Whether or not the developer/builder is in control of the HOA is an important project consideration and also an indicator as to market acceptance. When control of the HOA has not yet been turned over to the unit owners, the association's ability to maintain adequate reserves and manage the property has not been demonstrated. Careful consideration must be given to loans secured by units in these projects.

Management Group — ☐ Homeowners' Association ☐ Developer

☐ **Management Agent — Provide name of management company** — These checkboxes and comment lines build on the previous HOA item and attempt to further identify related parties and associated project/property management entities. Generally, marketability is enhanced when management of the HOA is not controlled by the developer.

Does any single entity (the same individual, investor group, corporation, etc.) own more than 10% of the total units in the project? ☐ Yes ☐ No - If Yes, describe — This will provide an indication of the investor activity for the project and may serve as a cross-check for Primary Project Occupancy and possible HOA control.

Was the project created by the conversion of an existing building(s) into a condominium?

☐ Yes ☐ No **If Yes, describe the original use and date of conversion** — If the subject is in a converted project, the Reviewer should expect to see “Yes” checked and Date of Conversion here. A brief description of original use should also appear such as hotel, office, or apartments, etc. Though most any building could be converted with proper zoning, the most common form of conversion is from rental apartments to residential condominiums.

Are the units, common elements, and recreational facilities complete (including any planned rehabilitation for a condominium conversion)? ☐ Yes ☐ No **If No, describe** — This section reveals whether or not the units, common elements and recreational facilities are complete. Incomplete common elements and recreational facilities may present significant project risk from a construction cost perspective and also may negatively impact marketability if promised and not complete.

Is there any commercial space in the project? ☐ Yes ☐ No **If Yes, describe and indicate the overall percentage of the commercial space** — This has become more popular recently for newer large condominium projects.

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Describe the condition of the project and quality of construction — The Reviewer should take note of any comments regarding the condition, quality, unit mix and market appeal of the project at this time. The Appraiser should base this information on the subject's performance compared to competitive properties.

Describe the common elements and recreational facilities — The Appraiser must also address the common elements and recreational facilities. This is property owned jointly by all unit owners and may include community buildings, swimming pools, greenbelts, tennis courts, etc. It is imperative that the Appraiser addresses the relationship of common areas to overall development and their contribution to market value.

Are any common elements leased to or by the Homeowners' Association

☐ Yes ☐ No If Yes, describe the rental terms and options — If the common elements are leased to the HOA, the Appraiser must comment and or attach an addendum describing the rental terms and the lease's effect on market value. Review of the lease would also assist in the review.

Is the project subject to ground rent? ☐ Yes ☐ No If Yes, \$____per year (describe terms and conditions) — Although not widely used, this is also important to know for several reasons as it could impact unit sale price, unit owner's obligations and, when rent term expires, it may allow for increases. The Reviewer should remain alert to this fact and ensure that comparable sales with the same feature have been used or adjusted for. Sometimes only the recreational area is leased with rates prorated to the unit owners.

Are the parking facilities adequate for the project size and type? ☐ Yes ☐ No If No, describe and comment on the effect on value and marketability — Parking, especially in large urban areas, can have a significant impact on value. For some projects, parking spaces are sold separately from units and or rented. For these projects, it is important that parking facilities and options be analyzed for all comparables both within the subject project and other projects.

This section allows for commentary on project budgets, fees, competitive projects and unusual project characteristics not provided in previous project sections on Form 1073/465.

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

I ☐ did ☐ did not analyze the condominium project budget for the current year. Explain the results of the analysis of the budget (adequacy of fees, reserves, etc.), or why the analysis was not performed —

The checkboxes require the Appraiser to confirm, or not, that the condominium project budget was analyzed for the current year and provide any comments or findings regarding project fees and reserves, and whether the project budget appears adequate.

Are there any other fees (other than regular HOA charges) for the use of the project facilities? ☐ Yes

☐ No If Yes, report the charges and describe — Additional fees are also entered and their effect on value analyzed. Examples of other fee types may include parking and club fees such as golf or tennis. Ideally, this also requires comparables with the same characteristic or a feasible adjustment.

Compared to other competitive projects of similar quality and design, the subject unit charge appears

☐ High ☐ Average ☐ Low If High or Low, describe — In addition to the checkboxes, the Appraiser must identify and describe cases where the subject unit charge is high or low. This is especially important to examine for new projects as developers may set initial HOA fees at low levels, which will need to be increased later, in order to stimulate sales.

Are there any special or unusual characteristics of the project (based on the condominium documents, HOA meetings, or other information) known to the Appraiser? ☐ Yes ☐ No If Yes, describe and

explain the effect on value and marketability — If any of these conditions exist, their effect on marketability is then identified and analyzed by the Appraiser. Usually, detrimental conditions are highlighted. If such conditions exist, a mental note should be made to ensure that the above issues are properly addressed in the Sales Comparison Approach.

Moving from the project sections, ever-increasing details for the subject unit, within the project, are provided in this section. The section starts by analyzing HOA charges for the subject unit as follows:

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

Unit Charge \$ _____ per month X 12 = \$ _____ per year Annual assessment charge per year per square feet of gross livable area = \$ _____ — The Appraiser enters the exact amount of the subject's monthly HOA unit charges, multiplied by 12 to derive annual charges and divides by the square footage of the unit to derive charge per square foot of liveable area. This more standardized conversion of unit charges allows easy comparisons to units in other projects and comparables.

Utilities included in the unit monthly assessment ☐ None ☐ Heat ☐ Air Conditioning ☐ Electricity ☐ Gas ☐ Water ☐ Sewer ☐ Cable ☐ Other (describe) _____ — Utilities included in unit charge are identified by the Appraiser here and addressed in the Sales Comparison Approach for their effect on marketability. Generally, these types of charges are more common for smaller and converted condominium projects.

General Description — Provides unit layout and Heating, Ventilation and Air-Conditioning (HVAC) data as follows:

- **Floor #** — If the unit is in an elevator or walk-up building, the Appraiser lists the unit's floor number. For patio, townhouse and other non-stacked projects, "N/A" is appropriate. The floor level is particularly important in elevator buildings where a view amenity may be present. The Reviewer should look for treatment of this feature in the Sales Comparison Approach.

- *# of Levels* — Generally pertains to units with townhouse architecture.
- *Heating Type* — The Appraiser identifies the Type (example: forced air, gravity, etc.), its condition and acceptability in the marketplace.
- *Fuel* — Identifies the fuel source (example: natural gas, coal, etc.), which often is dictated by geography and should be consistent with community standards.
- *Cooling* — Central should be checked if the unit has a central cooling system, otherwise the Appraiser should check Individual or Other.

Interior materials/condition — Here the Appraiser reports the type and condition of the interior surfaces, giving consideration to their acceptance in the marketing area.

- *Floors* — This refers to flooring in the subject unit. The Appraiser identifies type and condition of the floor covering (for example: wood, carpet, vinyl, tile/good, average, poor, etc.).
- *Walls* — This refers to the most common type or types of interior finish found in the subject unit. Drywall is generally used and most is painted, wallpapered or covered with a decorative product such as wood panel.
- *Trim/Finish* — This indicates the type of trim and finish detail exclusive of the above, such as unusual shapes like arches, hardware and fixed decorative items.
- *Bath Wainscot* — Here the Appraiser identifies the type and condition of the wall covering in areas exposed to water (example: ceramic tile, vinyl, etc.). Self-contained fiberglass units replace some wainscots.
- *Doors* — Are usually referred to as solid or hollow core and may have decorative panels, which are generally more expensive.

Amenities — These are items that add marketable value to the property and should be reflected in the Sales Comparison Approach:

- Fireplace(s) #.
- Woodstove(s) #.
- Deck/Patio.
- Porch/Balcony.
- Other.

Appliances — These are the kitchen items that are a part of the real property such as:

- Refrigerator.
- Range/Oven.
- Disposal.
- Microwave.
- Dishwashers.
- Washer/Dryer.

Items of personal property such as freestanding refrigerators and microwaves ovens should not be checked or included in the valuation. The Appraiser should comment if atypical.

Car Storage — The Appraiser identifies the parking scenario as per the following checkboxes and fills in the blanks. Additionally, any commentary as to unusual parking associated with the subject should be addressed as the feature can affect values by thousands of dollars in some markets.

- ☐ None
- ☐ Garage ☐ Covered ☐ Open
- ☐ # of Cars
- ☐ Assigned ☐ Owned
- ☐ Parking Space #

Any deficiencies noted in the unit's General Description, Interior, Amenities, Appliances and Car Storage should be noted by the Reviewer and should likely also be addressed in the Sales Comparison Approach.

Finished area above grade contains: ☐ Rooms ☐ Bedrooms Bath(s) ☐ Square Feet of Gross Living Area Above Grade — The following provides clarification for these key items:

- *Rooms. Bedrooms, Baths* — The Reviewer should use the room count in conjunction with the attached property sketch to determine if a property's floor plan conforms to the market demands of the area. If the property has an unusual layout, the appraisal should identify any market resistance and make appropriate adjustments in the final value analysis. Ideally, the room count for the subject property and comparable sales should be similar. The number of full and half baths will be separated by a period, with the full bath count to the left of the period and the half bath count to the right of the period.
- *Square Feet of Gross Living Area Above Grade* — (Often referred to as Gross Livable Area or GLA.) One of the key items in this section is that only the finished areas above-grade are used in calculating the GLA. Garage or basement areas should not be included in the square feet of living area estimate. Rooms not included in the above-grade area may add substantial value to the property and can be included separately in the Sales Comparison Approach.

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** — The Appraiser must then address the manner in which the heating and cooling are metered and how this affects market value.

Additional Features (special energy efficient items, etc.) — Examples of these may include solar power or energy-efficient windows and doors.

Describe the condition of the property (including needed repairs, deteriorations, renovations, remodeling, etc.) — Further comments on the condition of the property appear here and should support the effective age. The Appraiser must select an overall condition rating from C1 to C6, with C4 being average condition. If applicable, any repairs, renovations and remodeling should be described and how the Appraiser approached them. The Appraiser must indicate if any, and to what extent, kitchen and bathroom updating has been done in the last 15 years. Any deterioration that may result in depreciation of the subject should be addressed within these comments and appear within the Cost Approach (if provided) and also specifically on the Functional Utility and Condition line items within the Sales Comparison Approach.

Are there any physical deficiencies or adverse conditions that affect the liveability, soundness, or structural integrity of the property? ☐ Yes ☐ No **If Yes, describe** — The purpose of this question is intended to identify any physical deficiencies or adverse conditions that affect liability, soundness and structural integrity of the subject. These conditions must be reported even if the conditions are typical for competing properties and or comparables. The Reviewer should consider any influence the condition may have on the value and marketability of the property and look for appropriate adjustments. Several examples might include: water seepage, active leaks, inadequate electrical service, cracks and settlement of foundations, etc. A qualified inspector's report may be required to verify the presence and/or magnitude of these conditions.

Does the property generally conform to the neighborhood (functional utility, style, condition, use, construction, etc.)? ☐ Yes ☐ No **If No, describe** — If applicable, the lack of any of these items may affect value and marketability and should be described with comments and addressed within the other valuation approaches that follow. The subject property should generally conform to the neighborhood in terms of age, type, design and material used for construction. Identification and special consideration must be given to projects and units that are unique for the subject neighborhood.

IMPORTANT NOTE: The information provided here relates to previous sales of the subject and the comparable sale units and not to the subject's current sales transaction or the comparable sale transactions reported and analyzed in the Sales Comparison Approach. An Appraiser should list all agreements of sales, options, listings and sales of the subject property that occurred within three years.

The last section on Page 2 of the Individual Condominium Unit Appraisal form provides detail on the past sale histories of both the subject and comparables. Sale histories can be useful for the Reviewer as a cross check on value, especially if there has been a current sale, and more importantly as a potential “Flip” detection tool or method.

The subsection that follows was designed to provide the Reviewer with an overview of research, data sources and sale histories for all the properties shown on the sales grid. Contained within this section are several checkbox-type questions that may require additional narrative or explanations depending on how the initial questions are responded to.

P R I O R S A L E H I S T O R Y	<input type="checkbox"/> did <input type="checkbox"/> did not research the sale or transfer history of the subject property and comparable sales. If not, explain:
	My research <input type="checkbox"/> did <input type="checkbox"/> did not reveal any prior sales or transfers of the subject property for the three years prior to the effective date of this appraisal.
	Data source(s):
	My research <input type="checkbox"/> did <input type="checkbox"/> did not reveal any prior sales or transfers of the comparable sales for the year prior to the date of sale of the comparable sale.
	Data source(s):

I did ☐ did not ☐ research the sale or transfer history of the subject property and comparable sales.

If not, explain — Ideally, the Appraiser has checked the first box and was able to research these sales. If not, the Appraiser must explain the due diligence used in complying with the key Uniform Standards of Professional Appraisal Practice (USPAP) requirement.

My research did ☐ did not ☐ reveal any prior sales or transfers of the subject property for the three years prior to the effective date of this appraisal — This question is fairly straightforward and requires the Appraiser to research and provide any sales and transfers of the subject property that have occurred in the three years prior to the effective date of the appraisal.

Data Source(s) — This requires the Appraiser to specifically list and describe the source of the sales history data for the subject in enough detail to direct the Reviewer to the source.

My research did ☐ did not ☐ reveal any prior sales or transfers of the comparable sales for the year prior to the date of sale of the comparable sale — This question as it relates to the comparable sales is to determine whether any sales or transfers have taken place within one year of the sale date of the comparable sale used in the appraisal.

Data Source(s) — This field is similar to the above Data Source field, and requires the Appraiser to specifically list and describe the source of the sales history data for the comparables in enough detail to direct the Reviewer to the source.

Property flipping is the process in which an investor purchases a home and then resells it at a higher price within a short period of time. Flipping is a legal practice when all representations of the property condition and value are supported. To the contrary, illegal property flipping occurs when a property is purchased and resold using misrepresentations to accomplish the resale and profit.

The following events and/or activities may be indicative of an illegal property flip:

- Rapid increases in property values, such as doubling, etc.
- Multiple changes in ownership within a short period of time.
- The seller is not on title/different from appraisal or purchase contract.
- Affiliated parties on current or past sales transactions.
- Simultaneous closings.

Report the results of the research and analysis of the prior sale or transfer history of the subject property and comparable sales (report additional prior sales on Page 3).

Report the results of the research and analysis of the prior sale or transfer history of the subject property and comparable sales (report additional prior sales on page 3).				
ITEM	SUBJECT	COMPARABLE SALE # 1	COMPARABLE SALE # 2	COMPARABLE SALE # 3
Date of Prior Sale/Transfer				
Price of Prior Sale/Transfer				
Data Source(s)				
Effective Date of Data Source(s)				
Analysis of prior sale or transfer history of the subject property and comparable sales.				

The information from within this table represents the subject and all comparables' sale history details as follows:

- Date of Prior Sale/Transfer.
- Price of Prior Sale/Transfer.
- Data Source(s).
- Effective Date of Data Source(s).

While most of the items above relate specifically to the sales information, the last bullet point represents the effective date of the data and refers to the most recent date the data was current.

Analysis of prior sale or transfer history of the subject property and comparable sales — This requests an analysis of the sale histories of the subject and comparables and three lines are provided for commentary. Comments should clarify how these sales affect or relate to the current indicated market value of the subject.

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This analysis, sometimes referred to as the Market Approach, is an analysis of sales of comparable properties located in the subject's neighborhood or market area. The description of all "Subject" features must correlate with data presented previously in the report describing the subject property and its location. The comparable sales selected should demonstrate as much similarity to the subject as possible, ideally requiring minimal adjustments and should bracket the subject's main features. Ideally, the sales prices of the comparable properties will also bracket the subject's final estimate of value.

The comparable sales should follow these general guidelines:

- A minimum of three (3) closed comparable sales is required. The Reviewer may request additional sales or listings if the estimate of value does not appear to be supported.
- The sales should have closed within the last 12 months of the appraisal effective date.
- For properties in established condominium developments, comparable sales from within the same condominium development should be used if the development has resale activity.
- In new condominium developments, the Appraiser should select one comparable sale from the subject condominium development and one comparable sale from outside the subject condominium development. The third comparable sale can be from inside or outside of the subject development, provided it is a good indicator of value for the subject property.

Each comparable sale must be analyzed for any differences and appropriately adjusted for the following characteristics:

- Terms of Sale.
- Time.
- Location.
- Ownership Characteristics.
- HOA Monthly Assessments.
- Physical Characteristics.

The subject property is the standard against which the comparable sales are evaluated and adjusted. If the comparable sale has a feature that is superior to the subject, a negative dollar adjustment is required; conversely, a feature that is inferior to the subject requires a positive dollar adjustment. If a feature of the subject property differs from a comparable property and the Appraiser determines that no adjustment is warranted, a zero (0) is entered on the adjustment line. When the features for the subject and comparable sale(s) are the same and no adjustment is warranted, the adjustment line should be left blank. Dollar adjustments must reflect the value the real estate market will recognize for the feature and not the actual cost.

The Appraiser should demonstrate and support the rationale for any adjustment used in the **Sales Comparison Approach**. The most accepted method for determining the amount of an adjustment is the “paired sales” analysis. This method extracts the dollar amount of the adjustment from the market by pairing sales of similar properties with isolated differences.

For example:

Comp #1 is a 1,000 square-foot-unit and it sold recently for \$70,000. Comp #2 is a 1,100 square-foot-unit and it sold recently for \$74,000. If all other features are similar, we could conclude that the market recognizes a \$4,000 premium for the 100 additional square feet or \$40 per square foot. If possible, the Reviewer should use the data presented to determine justification for the line adjustments.

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

The first two lines on the top of Page 3 of the URAR are illustrated above and require the Appraiser to provide both the number and price ranges for only those properties that are truly comparable to the subject and also within the neighborhood, both offered for sale (“listings”) and actual closed sales.

The following sales grid items are important to identify comparables and their relationship to the subject and primary drivers of the subject’s value estimate for the Sales Comparison Approach to value for condominium units:

Address and Unit # — The first lines contain descriptive fields that identify the unit’s physical street address. In some cases, there may also be a specific unit number or other identifier, such as a floor number, in addition to the basic street address number.

Project Name and Phase — The names of the condominium projects are displayed here including the phases for the subject and comparable units.

Proximity to Subject — The reference is measured linearly (as the crow flies) and the description should be in terms of a specific distance and direction. The distance should be reasonable for the subject’s location and within the project or defined neighborhood, or in a competing market area if the comparable is not in close proximity to the subject. In urban or suburban areas, the comparables should be located in the subject’s project or immediate neighborhood. As a general rule, an explanation is required for any sale that is considered to be outside of these guidelines.

Sale Price — The sale price of each comparable property should fall within the value range of condominiums indicated in the Neighborhood on Page 1 and top two items on Page 3. If a purchase transaction, the proposed sale price for the subject is also displayed.

Sale Price/Gross Living Area — This “multiplier” is obtained by dividing the sales price for each property by its square footage of gross living area. The resulting factor should reflect a narrow range if good comparable sales have been used. It also provides a quick check of the relative similarity to the subject property as the subject’s indicated value should also fall inside the range shown for the comparable sales.

Data Source(s)/Verification Source(s) — The Reviewer should be assured that the data presented is verified with a party that does not have a financial interest in the subject transaction. The Appraiser should use public data sources, provided that they are disclosed and verifiable. Examples of acceptable sources may be but are not limited to MLS, public records or Closing Disclosure.

Value Adjustments — This section contains the descriptive features that allow the positive and negative dollar adjustments for differences between each comparable sale and the subject property. Remember, only comparables are adjusted.

- *Sales or Financing Concessions* — Examples of sales concessions include interest rate buydowns, seller-paid loan discount points, unique closing costs, below market financing, seller-carried second loans, furniture and upgrades, etc. The Appraiser must indicate the sale type, financing type and the total amount of concessions, if any, for each comparable sale.
- *Date of Sale/Time* — For each comparable sale, the Appraiser should provide the date of the sales contract and the settlement or closing date. Only the month and year need to be reported. The Appraiser must use “s” to reflect the settlement or closing date, and “c” to reflect the contract date. If the contract date is unavailable to the Appraiser, he or she must enter the abbreviation “unk” for unknown in the place of the contract date. Time adjustments must reflect the difference in market conditions between the contract date of the comparable and the effective date of the appraisal for the subject property. The adjustment may be either positive or negative but requires a detailed explanation consistent with the market conditions reported in the neighborhood trends section on Page 1.

IMPORTANT NOTE: The next set of potential value influencing factors can be somewhat subjective and are heavily reliant on the Appraiser's market knowledge and expertise. All adjustments should be clearly explained and based directly on market-derived information. If a property is overvalued, it is commonly due to the subjective adjustments to value that are made for these features. The Appraiser must be consistent with items reported on Pages 1 and 2, and the Reviewer should understand the basis for all applied adjustments.

- *Location* — Solely by the nature of its physical location, a property may experience negative or positive influences. If the location is typical and sales are selected from the subject's project or neighborhood, no adjustment may be required. Any adjustment should be explained, and related to the property description data (Neighborhood, Site, Unit, etc.) on previous pages. The Appraiser must reflect the location rating as Neutral (N), Beneficial (B) or Adverse (A), and provide at least one location factor, but no more than two, to offer details about the overall location rating.
- *Leasehold/Fee Simple* — This should correspond with the descriptive data on Page 1. The reader should expect the comparable sales to have similar ownership or an explanation of the market's reaction if they differ.
- *HOA Monthly Assessment* — Adjustments to value made here relate to differences in HOA dues. Typically, HOA dues should be similar. If not, and there is a wide discrepancy in the amount, this could indicate the comparable may not be similar and therefore not a good comparable. At a minimum, the Appraiser should provide an explanation.
- *Common Elements and Recreational Facilities* — Adjustments are made to reflect the market value of differences. For example, if one project has a clubhouse and pool and another has a clubhouse, pool and exercise room, the Appraiser must determine, preferably through paired sales analysis, how much more a buyer would pay for a similar unit in a project with an exercise room.

- *Floor Location* — This characteristic is particularly significant in high-rise projects in areas with scenic views such as resorts and urban areas overlooking a cityscape. Ideally, the Appraiser generally derives most information from sales within the subject project to determine adjustment amounts based on floor locations. However, even if floor locations are identical, condominium units located on different sides of a high-rise building can have very different views and sale prices.
- *View* — The view from a property may have a significant influence on its value. Condos located in the same neighborhood, and even on the same street, may have markedly different values due to their orientation and view amenity. Adjustments are often recognized for scenic views, such as a mountain, valley or body of water. All view adjustments must be adequately explained in the appraisal. The Appraiser must reflect the view rating as Neutral (N), Beneficial (B) or Adverse (A), and provide at least one location factor, but no more than two, to provide details about the overall location rating.
- *Design (Style)* — The adjustments in this section should be analyzed very carefully. Design and Style adjustments are derived from the market, but are often difficult to verify as projects typically contain units of similar style and design, and the rarity of a market-recognized variation makes extraction by a “paired sales analysis” more difficult. However, as an illustration, in most markets the preference (and value difference) for townhouses vs. garden units will be readily apparent. Comparable sales of similar style and design to the subject should be used whenever possible.
- *Quality of Construction* — The Reviewer should pay close attention to these adjustments. Ideally, the comparables should be similar homes, of similar quality from the same neighborhood. Look at the Exterior and Interior materials/condition information in the Improvements section on Page 1 for features that would not be typical of the market area. The Appraiser must select a quality rating from Q1 to Q6, with Q4 being average quality.

- *Actual Age* — Page 1 of the appraisal should state both the Actual (year built) and Effective Age of the property. Differences can be due to the level of property maintenance and/or updating made to keep pace with current market trends. On Page 3 of the Sales Grid, the Actual Age is specified. The Reviewer must be certain this is consistent for the subject and the comparable sales. Adjustments here should only be made for market-recognized differences in comparative ages.
- *Condition* — Differences here can be due to the level of property maintenance or any updating that was made to keep pace with current market demands. Adjustments should not be based on the cost of repairs or modernization, but on the amount a typical purchaser is willing to pay for the difference in condition of the subject and each comparable. The Appraiser may choose to combine adjustments for Age and Condition; however, they must provide a clear explanation in the appraisal. The Appraiser must select a condition rating from C1 to C6, with C4 being average condition.
- *Above Grade Room Count/Gross Living Area* — Check for consistency with the descriptions on Page 1. Only finished above-grade areas are used in calculating the GLA, though basements, partial below-grade areas and attics can be included elsewhere in the report and adjusted accordingly. Ideally, the room count for the subject property and the comparable sales should be very similar and adjustments made on the basis of market reaction. Room count adjustments are usually applied to differences in baths (and occasionally bedrooms); otherwise, an explanation is required from the Appraiser. The number of full and half baths will be separated by a period, with the full bath count to the left of the period and the half bath count to the right of the period.
- *Basement & Finished Rooms Below Grade* — In some areas, finished basements are typical (generally in townhouse-style condominiums) and add significant value to the property. The Reviewer should ensure that they are typical of the subject's market and that all adjustments are consistent for build-out, bath or other room utility, and size. The Appraiser must report the total square footage of the improvements below-grade, the finished square footage, the type of access to the basement, and the number of each type of finished rooms.

- *Functional Utility* — Adjustments on this line should be reflective of any functional inadequacies mentioned in the Improvements section. The adjustment is for the market's reaction to the functional loss and must be supported and clearly explained by the Appraiser.
- *Heating/Cooling* — Although likely little difference in this feature for units in the same project, there may be unit upgrades like ceiling fans.
- *Energy Efficient Items* — Although difficult to measure and quantify, older and converted projects will likely be less energy-efficient than newer projects.
- *Garage/Carport* — Parking, especially in urban and resort areas, can be costly and may have a significant impact on value. If comparables have parking included in the sale price and it is an additional cost for the subject, this could lead to an inflated value if adjustments are not applied.
- *Porch/Patio/Deck* — These are fairly straightforward items that should be relatively similar for units within the same project.
- *Blank Spaces* — Are left for items such as fireplace(s) and extra project amenities, such as golf courses, marinas and other unique property features. The adjustment for any of these remaining features should reflect the market reaction in the project or neighborhood and should not be based directly on their cost. The Reviewer should look for logic and consistency in the amount reflected and for clarification from the Appraiser.
- *Net Adjustment (Total)* — The number and/or amount of the dollar adjustments must not be the sole determinant in the acceptability of a comparable. Ideally, the best and most appropriate comparable sales would require few adjustments. The appraiser's adjustments must reflect the market's reaction (that is, market-based adjustments) to the difference in properties. The expectation is for the appraiser to analyze the market for competitive properties and provide appropriate market-based adjustments without regard to arbitrary limits on the size of the adjustment. Excessive net/gross adjustments should be adequately explained by the appraiser.

- *Adjusted Sale Price of Comparable* — Adjustments are totaled and the net is either added to or subtracted from the actual sales prices of each comparable. The range of adjusted sale prices should bracket the final indicated value of the subject. Use of similar comparable sales should result in a relatively tight value range indication for the subject.
- *Summary of Sales Comparison Approach* — This provides almost 10 blank lines to allow the Appraiser to summarize in a narrative format the Sales Comparison Approach and ultimate value. The explanations in this section provide insight into the Appraiser's reasoning and the rationale for the Sales Comparison Approach estimate of value. The comments should clarify the subject's compatibility with the neighborhood, the validity of the comparable sales and the manner in which they were analyzed. Detailed comments and explanations should be provided so the Reviewer will have a full understanding of the subject's market. Comments should reflect the Appraiser's reconciliation of value after analyzing the adjusted sale price of the comparable sales. The appraiser should specify which was given the most weight and how the final indicated value by sales comparison estimate was determined.

Indicated Value by Sales Comparison Approach \$ — This is where the subject's Sales Comparison Approach to value is displayed. The dollar value estimate derived from this approach must be within the range of indicated values shown by the final adjusted sale prices of the comparable sales. This value can represent the appraised value if the income approach is not provided. In either case, completion of the Sales Comparison Approach will provide a significant contribution, if not all in the Reconciliation section.

This approach assumes that market value is driven by the potential stream of rental income a property is capable of producing. This approach is generally appropriate in residential neighborhoods and condominium projects with a substantial number of rental properties where properties are bought and sold for these qualities. Due to a lack of suitable information in many residential neighborhoods, this approach to value is often not provided and the appraisal should be marked “N/A” or “Not Applicable.” However, since condominium units are more often rented than 1-unit detached homes, there may be an adequate number of rental units within a project to use this approach to value, although it is not required in all cases.

IMPORTANT NOTE: Appraisals that rely solely on the Income Approach for an indication of market value should be approached with caution and require more intensive review.

To apply this approach, the Appraiser first calculates the Gross Rent Multiplier (GRM), which is achieved by dividing the sale price of the comparable sale by its verified monthly rental. The comparable sales used should have been rented at the time of sale. For example:

	SALE #1	SALE #2	SALE #3
Sale Price	\$100,000	\$115,000	\$95,000
Monthly Rent	\$1,000	\$1,100	\$975
GRM	100	104.5	97.4

The Appraiser then chooses the multiplier indicated by the sale(s) most comparable to the subject. The subject’s economic rent is estimated by comparison to similar rental properties. The GRM is then multiplied by the subject’s economic rent to develop the indication of value.

The Income Approach section on Page 3 of the Individual Condominium Unit Appraisal Report provides the following components used for the Income Approach development as follows:

Estimated Monthly Market Rent \$ — The subject’s economic monthly rent (the estimated rent, unfurnished, the subject would most likely bring if exposed to the market as a rental property) is estimated by comparison to similar rental properties. If the subject is currently rented, the contract rent should be compared to the estimated market rent to ensure that the estimated rent results in a realistic estimate of value. A detailed explanation should be provided if a significant difference is noted between contract and estimated rents.

Gross Rent Multiplier — The Appraiser first calculates the Gross Rent Multiplier (GRM), which is achieved by dividing the sale price of the comparable sales by their verified monthly rental. The comparable sales used should also have been rented at the time of sale. The GRM calculations for three condominium units as illustrated from the above example are: 100, 104.5 and 97.4.

Continuing with the previous example:

If rental comparable #1 is most similar, a GRM of 100 is a reasonable selection. If the economic monthly rent for the subject, as determined by market comparison, is \$1,050:

GRM of 100 X \$1,050 monthly economic rent = \$105,000

Indicated Value by Income Approach = \$105,000

The Reviewer should recognize that the use of this approach could indicate that the property is located in a neighborhood where rentals are prevalent. This may in turn imply a high degree of investor ownership and, consequently, a higher percentage of vacant units and lower levels of property maintenance may also occur. Historically, this increases the risk of loans with higher loan-to-value (LTV) mortgages. As always, ensure that the comparable sales selected experience the same neighborhood influences as the subject property.

Summary of Income Approach (including support for market rent and GRM) — This is the final line item for this approach and if the Appraiser determines that this approach is relevant, an addendum will likely be necessary since there are just two lines.

The Reconciliation section is the last section on Page 3 of the Individual Condominium Unit Appraisal Report.

Reconciliation is a process that continues throughout the Appraiser's analysis and results in the final estimate of market value. In the final Reconciliation, the Appraiser must review the reasonableness and reliability of the data presented in the required Sales Comparison Approach and, if provided, the Income Approach. The Appraiser fills in the opinion(s) of value for each approach used and then discusses and provides comments for the rationale for whichever approach(es) were given the most weight.

The Reviewer of the report must be assured that the final Reconciliation represents a logical analysis and conclusion and not a simple mathematical averaging technique.

If the Appraiser has provided sufficient, comprehensive data that is relative to the subject's project, neighborhood, site, unit and the comparable sales, the Reviewer should reach the same conclusion as the Appraiser. This should provide the user with the basis for a sound determination as to the adequacy of the property as security for a mortgage.

Indicated Value by: Sales Comparison Approach \$		Income Approach (if developed) \$
RECONCILIATION		

This appraisal is made ☐ "as is", ☐ subject to completion per plans and specifications on the basis of a hypothetical condition that the improvements have been completed, ☐ subject to the following repairs or alterations on the basis of a hypothetical condition that the repairs 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:

Based on a complete visual inspection of the interior and exterior areas of the subject property, defined scope of work, statement of assumptions and limiting conditions, and appraiser's certification, my (our) opinion of the market value, as defined, of the real property that is the subject of this report is \$ _____, as of _____, which is the date of inspection and the effective date of this appraisal.

Indicated Value by: Sales Comparison Approach \$ — This is the supported value estimate from the Sales Comparison Approach. As discussed previously, this value should be reasonable and further justified with detailed comments and explanations so the Reviewer will have a full understanding of the subject market and how the final indicated value estimate was determined.

Indicated Value by: Income Approach (if developed) \$ — This space is where the Appraiser would provide the subject unit's estimate of value based on the Income Approach.

The following blank lines are intended for the Appraiser to comment on any factors related to the final determination of value for the subject property. Comments may include discussions on the weight given each method. Justification of the final estimate of value is explained here.

The next four checkboxes reflect the current condition of the subject and whether the appraisal was based on repairs or alterations that are not completed and are assumed to be completed or that the condition or deficiency does not need repair.

If the appraisal states that no repairs are indicated, then the estimate of value should typically be made **“☐ as is.”**

If the unit is proposed construction, or under construction then, **“☐ subject to completion per plans and specifications on the basis of a hypothetical condition that the improvements have been completed,”** should be indicated.

IMPORTANT NOTE: If the subject property’s appraised value is dependent on a future event, it is termed a Hypothetical Condition. From an appraisal perspective, a Hypothetical Condition assumes conditions contrary to known facts about physical, legal or economic characteristics of the subject property. If these future events do not occur, the subject’s value based on these assumptions may not be valid.

If the need for repairs, modernization, alterations or updating is indicated in the Unit Description section, then these items should be listed with a corresponding dollar value. The final estimate of value should be checked **“☐ subject to the following repairs or alterations on the basis of a hypothetical condition that the repairs or alterations have been completed.”**

The fourth option or checkbox: **“☐ subject to the following required inspection based on the extraordinary assumption that the condition or deficiency does not require alteration or repair;”** — This choice is provided to accommodate the use of extraordinary assumption that a condition or deficiency involving a required inspection does not require alteration or repair.

The last subsection within the Reconciliation section provides the Appraiser’s opinion of market value and the effective date of the appraisal.

IMPORTANT NOTE: Briefly, an appraisal subject to an Extraordinary Assumption, directly relates to the specific assignment and if the assumption is found to be false, this could alter the Appraiser’s opinions or conclusions and ultimate value.

PAGES 4, 5 AND 6 — FANNIE MAE FORM 1073/FREDDIE MAC FORM 465

These last three pages of the Individual Condominium Unit Appraisal Report include a variety of instructions and definitions, Assumptions and Limiting Conditions, Appraiser's Certifications and the signature sections.

For most appraisal assignments, this will limit additional addendums prevalent on previous forms and provide for somewhat more standardized reports. Also indicated in these sections, are some of the penalties, including civil and criminal, that an Appraiser may face for intentional or negligent misrepresentation(s) contained in the appraisal report.

Appraiser — The last section of Page 6 provides a location for the Appraiser’s signature and the following information:

- Signature.
- Appraiser’s company name and contact information.
- Date of signature and effective date of report.
- State Certification number or State License number.
- Expiration of above.
- The address of property appraised.
- Credit union client name, company and address.

The Appraiser’s location, subject property and credit union/client addresses are conveniently grouped in this section and in some cases may be revealing as to the level of local market knowledge applied to the appraisal or not and/or other motivations, especially if the Appraiser is from outside the market.

Supervisory Appraiser (only if required) — If applicable, similar information is requested from the Supervisory Appraiser, including the following additional information regarding inspections, etc.

Subject Property

- ☐ Did not inspect the subject property
- ☐ Did inspect the exterior of subject property from street; Date of Inspection _____
- ☐ Did inspect the interior and exterior of subject property Date of Inspection _____

Comparable Sales

- ☐ Did not inspect exterior of comparable sales from the street
- ☐ Did inspect exterior of comparable sales from street and date; Date of Inspection _____

Supporting documentation is often required and should be attached to, and is considered to be part of, the appraisal and can include the following:

Maps — A legible street map is required that clearly shows the location of the subject property and all of the comparables used in the appraisal.

Floor plan or sketch — This is typically a reproduction of the interior perimeter unit dimensions rather than exterior building dimensions. The sketch should indicate and support how the GLA calculation was determined and include room locations. The Reviewer should compare this to Page 3.

Subject Photographs — Photographs should be clear and descriptive. Views of the front, rear, and street scenes should be provided. Interior photos should include the kitchen, bathrooms, main living area and, if applicable, examples of major physical deterioration or recent updates or remodeling.

Comparable Photographs — A front view of all comparables is required. The photos should support the description of the comparables as represented on the Sales Comparison Grid.

Additional Addendums — Any other attachments that are necessary to provide support for the opinion of market value.

MARKET CONDITIONS ADDENDUM

Market Conditions Addendum to the Appraisal Report

File No.

The purpose of this addendum is to provide the lender/client with a clear and accurate understanding of the market trends and conditions prevalent in the subject neighborhood. This is a required addendum for all appraisal reports with an effective date on or after April 1, 2009.

Property Address _____ City _____ State _____ ZIP Code _____

Borrower _____

Instructions: The appraiser must use the information required on this form as the basis for his/her conclusions, and must provide support for those conclusions, regarding housing trends and overall market conditions as reported in the Neighborhood section of the appraisal report form. The appraiser must fill in all the information to the extent it is available and reliable and must provide analysis as indicated below. If any required data is unavailable or is considered unreliable, the appraiser must provide an explanation. It is recognized that not all data sources will be able to provide data for the shaded areas below; if it is available, however, the appraiser must include the data in the analysis. If data sources provide the required information as an average instead of the median, the appraiser should report the available figure and identify it as an average. Sales and listings must be properties that compete with the subject property, determined by applying the criteria that would be used by a prospective buyer of the subject property. The appraiser must explain any anomalies in the data, such as seasonal markets, new construction, foreclosures, etc.

Inventory Analysis	Prior 7-12 Months	Prior 4-6 Months	Current - 3 Months	Overall Trend		
Total # of Comparable Sales (Settled)				<input type="checkbox"/> Increasing	<input type="checkbox"/> Stable	<input type="checkbox"/> Declining
Absorption Rate (Total Sales/Months)				<input type="checkbox"/> Increasing	<input type="checkbox"/> Stable	<input type="checkbox"/> Declining
Total # of Comparable Active Listings				<input type="checkbox"/> Declining	<input type="checkbox"/> Stable	<input type="checkbox"/> Increasing
Months of Housing Supply (Total Listings/Ab. Rate)				<input type="checkbox"/> Declining	<input type="checkbox"/> Stable	<input type="checkbox"/> Increasing
Median Sale & List Price, DOM, Sale/List %	Prior 7-12 Months	Prior 4-6 Months	Current - 3 Months	Overall Trend		
Median Comparable Sale Price				<input type="checkbox"/> Increasing	<input type="checkbox"/> Stable	<input type="checkbox"/> Declining
Median Comparable Sales Days on Market				<input type="checkbox"/> Declining	<input type="checkbox"/> Stable	<input type="checkbox"/> Increasing
Median Comparable List Price				<input type="checkbox"/> Increasing	<input type="checkbox"/> Stable	<input type="checkbox"/> Declining
Median Comparable Listings Days on Market				<input type="checkbox"/> Declining	<input type="checkbox"/> Stable	<input type="checkbox"/> Increasing
Median Sale Price as % of List Price				<input type="checkbox"/> Increasing	<input type="checkbox"/> Stable	<input type="checkbox"/> Declining
Seller-(developer, builder, etc.) paid financial assistance prevalent? <input type="checkbox"/> Yes <input type="checkbox"/> No				<input type="checkbox"/> Declining	<input type="checkbox"/> Stable	<input type="checkbox"/> Increasing

Explain in detail the seller concessions trends for the past 12 months (e.g., seller contributions increased from 3% to 5%, increasing use of buydowns, closing costs, condo fees, options, etc.).

Are foreclosure sales (REO sales) a factor in the market? ☐ Yes ☐ No If yes, explain (including the trends in listings and sales of foreclosed properties).

Cite data sources for above information.

Summarize the above information as support for your conclusions in the Neighborhood section of the appraisal report form. If you used any additional information, such as an analysis of pending sales and/or expired and withdrawn listings, to formulate your conclusions, provide both an explanation and support for your conclusions.

If the subject is a unit in a condominium or cooperative project, complete the following: Project Name: _____

Subject Project Data	Prior 7-12 Months	Prior 4-6 Months	Current - 3 Months	Overall Trend		
Total # of Comparable Sales (Settled)				<input type="checkbox"/> Increasing	<input type="checkbox"/> Stable	<input type="checkbox"/> Declining
Absorption Rate (Total Sales/Months)				<input type="checkbox"/> Increasing	<input type="checkbox"/> Stable	<input type="checkbox"/> Declining
Total # of Active Comparable Listings				<input type="checkbox"/> Declining	<input type="checkbox"/> Stable	<input type="checkbox"/> Increasing
Months of Unit Supply (Total Listings/Ab. Rate)				<input type="checkbox"/> Declining	<input type="checkbox"/> Stable	<input type="checkbox"/> Increasing

Are foreclosure sales (REO sales) a factor in the project? ☐ Yes ☐ No If yes, indicate the number of REO listings and explain the trends in listings and sales of foreclosed properties.

Summarize the above trends and address the impact on the subject unit and project.

Signature _____ Signature _____

Appraiser Name _____ Supervisory Appraiser Name _____

Company Name _____ Company Name _____

Company Address _____ Company Address _____

State License/Certification # _____ State _____ State License/Certification # _____ State _____

Email Address _____ Email Address _____

The Market Conditions Addendum to the Appraisal Report (Fannie Mae Form 1004MC/Freddie Mac Form 71) is required with all appraisals of 1–4 unit properties.

The Market Conditions Addendum is intended to provide a clear and accurate understanding of the market trends and conditions prevalent in the subject neighborhood. The form provides the Appraiser with a structured format to report the data and to identify current market trends and conditions. The Appraiser's conclusions must be reported in the "Neighborhood" section of the appraisal report.

In some markets, it may not be possible to retrieve the total number of comparable active listings from earlier periods. In this case, the Appraiser must explain the attempt to obtain such information. Also, there may be markets in which the data is available in terms of an "average" as opposed to a "median." In this case, the Appraiser needs to note that his or her analysis has been based on an "average" representation of the data. Regardless of whether all requested information is available, the Appraiser must provide support for his or her conclusions regarding market trends and conditions.

Inventory Analysis Section

This section assists the Appraiser in analyzing important supply and demand factors in order to reach a conclusion regarding housing trends and market conditions. The Appraiser must include the comparable data that reflects the total pool of comparable properties from which a buyer may select a property in order to analyze the sales activity and the local housing supply. One of the tools used to monitor these trends is the absorption rate. The absorption rate is the rate at which properties for sale have been or can be sold (marketed) within a given area. To determine absorption rate, the Appraiser divides the total number of settled sales by the time frame being analyzed. The months of housing supply is based on the total listings for the applicable period divided by absorption rate.

Median Sale and List Price, DOM, List/Sale Ratio Section

The Appraiser must analyze additional trends, including the changes in median prices and days on the market (DOM) for both sales and listings, as well as a change in list-to-sales price ratios.

Overall Trend Section

The section is designed to reflect potential positive trends, neutral trends or negative trends in inventory, median sale and list price, days on market, list-to-sale price ratio and seller concessions.

Seller Concessions

Form 1004MC also provides a section for comments on the prevalence of seller concessions and the trend in seller concessions for the past 12 months. The change in seller concessions within the market provides additional insight into current market conditions. The Appraiser should consider and report on seller-paid (or third-party) costs. Examples of these items include, but are not limited to, mortgage payments, points, fees, HOA dues. Seller concessions must be carefully analyzed by the Appraiser since excessive concessions can often lead to inflated property values.

Foreclosure Sales and Summary/Analysis of Data Sections

The presence and extent of foreclosure/REO sales is important when analyzing market data and must be reported on the 1004MC. The form also allows for the Appraiser to summarize the data and provide other data analysis or additional information, such as analysis of pending sales, which over time can show market trending.

CHAPTER TWO

FORMS

- Individual Condominium Unit Appraisal Report (Fannie Mae 1073/Freddie Mac 465)

Individual Condominium Unit Appraisal Report										File #
The purpose of this summary appraisal report is to provide the lender/client with an accurate, and adequately supported, opinion of the market value of the subject property.										
Property Address		Unit #	City	State	Zip Code					
Borrower		Owner of Public Record								
Legal Description										
Assessor's Parcel #		Phase #		Tax Year		R.E. Taxes \$				
Project Name		Map Reference		Census Tract						
Occupant <input type="checkbox"/> Owner <input type="checkbox"/> Tenant <input type="checkbox"/> Vacant		Special Assessments \$		HOA \$		<input type="checkbox"/> per year <input type="checkbox"/> per month				
Property Rights Appraised <input type="checkbox"/> Fee Simple <input type="checkbox"/> Leasehold <input type="checkbox"/> Other (describe)										
Assignment Type <input type="checkbox"/> Purchase Transaction <input type="checkbox"/> Refinance Transaction <input type="checkbox"/> Other (describe)										
Lender/Client		Address								
Is the subject property currently offered for sale or has it been offered for sale in the twelve months prior to the effective date of this appraisal? <input type="checkbox"/> Yes <input type="checkbox"/> No										
Report data source(s) used, offering price(s), and date(s)										
<input type="checkbox"/> I did <input type="checkbox"/> I do not analyze the contract for sale for the subject purchase transaction. Explain the results of the analysis of the contract for sale or why the analysis was not performed.										
Contract Price \$		Date of Contract		Is the property seller the owner of public record? <input type="checkbox"/> Yes <input type="checkbox"/> No Data Source(s)						
Is there any financial assistance (loan charges, sale concessions, gift or downpayment assistance, etc.) to be paid by any party on behalf of the borrower? <input type="checkbox"/> Yes <input type="checkbox"/> No										
If Yes, report the total dollar amount and describe the items to be paid.										
Note: Race and the racial composition of the neighborhood are not appraisal factors.										
Neighborhood Characteristics		Condominium Unit Housing Trends				Condominium Housing		Present Land Use %		
Location <input type="checkbox"/> Urban <input type="checkbox"/> Suburban <input type="checkbox"/> Rural	Property Values <input type="checkbox"/> Increasing <input type="checkbox"/> Stable <input type="checkbox"/> Declining	PRICE \$ (000)	AGE (yrs)	One-Unit %						
Built-Up <input type="checkbox"/> Over 75% <input type="checkbox"/> 25-75% <input type="checkbox"/> Under 25%	Demand/Supply <input type="checkbox"/> Shortage <input type="checkbox"/> In Balance <input type="checkbox"/> Over Supply			2-4 Unit %						
Growth <input type="checkbox"/> Rapid <input type="checkbox"/> Stable <input type="checkbox"/> Slow	Marketing Time <input type="checkbox"/> Under 3 mths <input type="checkbox"/> 3-6 mths <input type="checkbox"/> Over 6 mths			Multi-Family %						
Neighborhood Boundaries				High Commercial %						
				Pred. Other %						
Neighborhood Description										
Market Conditions (including support for the above conclusions)										
Topography <input type="checkbox"/> Slope <input type="checkbox"/> Density <input type="checkbox"/> View										
Specific Zoning Classification										
Zoning Compliance <input type="checkbox"/> Legal <input type="checkbox"/> Legal Nonconforming - Do the zoning regulations permit rebuilding to current density? <input type="checkbox"/> Yes <input type="checkbox"/> No										
<input type="checkbox"/> No Zoning <input type="checkbox"/> Illegal (describe)										
Is the highest and best use of the subject property as improved (or as proposed per plans and specifications) the present use? <input type="checkbox"/> Yes <input type="checkbox"/> No If No, describe										
Utilities Public Other (describe)		Public Other (describe)		Off-site Improvements—Type		Public Private				
Electricity <input type="checkbox"/>	Water <input type="checkbox"/>	Street <input type="checkbox"/>		Alley <input type="checkbox"/>						
Gas <input type="checkbox"/>	Sanitary Sewer <input type="checkbox"/>	FEMA Map #		FEMA Map Date						
FEMA Special Flood Hazard Area <input type="checkbox"/> Yes <input type="checkbox"/> No FEMA Flood Zone										
Are the utilities and off-site improvements typical for the market area? <input type="checkbox"/> Yes <input type="checkbox"/> No If No, describe										
Are there any adverse site conditions or external factors (assessments, encroachments, environmental conditions, land uses, etc.)? <input type="checkbox"/> Yes <input type="checkbox"/> No If Yes, describe										
Data source(s) for project information										
Project Description <input type="checkbox"/> Detached <input type="checkbox"/> Row or Townhouse <input type="checkbox"/> Garden <input type="checkbox"/> Mid-Rise <input type="checkbox"/> High-Rise <input type="checkbox"/> Other (describe)										
General Description		General Description		Subject Phase		# Project Completed		# Project Incomplete		
# of Stories	Exterior Walls	# of Units	# of Units Completed	# of Phases	# of Planned Phases					
# of Elevators	Roof Surface	# of Units For Sale	# of Units For Sale	# of Units Sold	# of Units Sold					
<input type="checkbox"/> Existing <input type="checkbox"/> Proposed	Total # Parking	# of Units Sold	# of Units Sold	# of Units Rented	# of Units Rented					
<input type="checkbox"/> Under Construction	Ratio (spaces/units)	# of Owner Occupied Units	# of Owner Occupied Units	# of Owner Occupied Units	# of Owner Occupied Units					
Year Built	Type									
Effective Age	Guest Parking									
Project Primary Occupancy <input type="checkbox"/> Principal Residence <input type="checkbox"/> Second Home or Recreational <input type="checkbox"/> Tenant										
Is the developer/builder in control of the Homeowners' Association (HOA)? <input type="checkbox"/> Yes <input type="checkbox"/> No										
Management Group <input type="checkbox"/> Homeowners' Association <input type="checkbox"/> Developer <input type="checkbox"/> Management Agent - Provide name of management company.										
Does any single entity (the same individual, investor group, corporation, etc.) own more than 10% of the total units in the project? <input type="checkbox"/> Yes <input type="checkbox"/> No If Yes, describe										
Was the project created by the conversion of an existing building(s) into a condominium? <input type="checkbox"/> Yes <input type="checkbox"/> No If Yes, describe the original use and the date of conversion.										
Are the units, common elements, and recreation facilities complete (including any planned rehabilitation for a condominium conversion)? <input type="checkbox"/> Yes <input type="checkbox"/> No If No, describe										
Is there any commercial space in the project? <input type="checkbox"/> Yes <input type="checkbox"/> No If Yes, describe and indicate the overall percentage of the commercial space.										

▪ **Individual Condominium Unit Appraisal Report (Fannie Mae 1073/Freddie Mac 465)** [page 2]

Individual Condominium Unit Appraisal Report		File #																													
PROPERTY INFORMATION	Describe the condition of the project and quality of construction.																														
	Describe the common elements and recreational facilities.																														
	Are any common elements leased to or by the Homeowners' Association? <input type="checkbox"/> Yes <input type="checkbox"/> No If Yes, describe the rental terms and options.																														
	Is the project subject to ground rent? <input type="checkbox"/> Yes <input type="checkbox"/> No If Yes, \$ _____ per year (describe terms and conditions)																														
PROJECT ANALYSIS	Are the parking facilities adequate for the project size and type? <input type="checkbox"/> Yes <input type="checkbox"/> No If No, describe and comment on the effect on value and marketability.																														
	I <input type="checkbox"/> did <input type="checkbox"/> did not analyze the condominium project budget for the current year. Explain the results of the analysis of the budget (adequacy of fees, reserves, etc.), or why the analysis was not performed.																														
	Are there any other fees (other than regular HOA charges) for the use of the project facilities? <input type="checkbox"/> Yes <input type="checkbox"/> No If Yes, report the charges and describe.																														
	Compared to other competitive projects of similar quality and design, the subject unit charge appears <input type="checkbox"/> High <input type="checkbox"/> Average <input type="checkbox"/> Low If High or Low, describe.																														
UNIT ANALYSIS	Are there any special or unusual characteristics of the project (based on the condominium documents, HOA meetings, or other information) known to the appraiser? <input type="checkbox"/> Yes <input type="checkbox"/> No If Yes, describe and explain the effect on value and marketability.																														
	Unit Charge \$ _____ per month X 12 = \$ _____ per year Annual assessment charge per year per square foot of gross living area = \$ _____																														
	Utilities included in the unit monthly assessment <input type="checkbox"/> None <input type="checkbox"/> Heat <input type="checkbox"/> Air Conditioning <input type="checkbox"/> Electricity <input type="checkbox"/> Gas <input type="checkbox"/> Water <input type="checkbox"/> Sewer <input type="checkbox"/> Cable <input type="checkbox"/> Other (describe)																														
	<table border="1" style="width: 100%; border-collapse: collapse;"> <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><input type="checkbox"/> None</td> </tr> <tr> <td># of Levels _____</td> <td>Walls _____</td> <td>Woodstove(s) # _____</td> <td>Range/Oven _____</td> <td><input type="checkbox"/> Garage <input type="checkbox"/> Covered <input type="checkbox"/> Open</td> </tr> <tr> <td>Heating Type _____ Fuel _____ Trim/Finish _____</td> <td>Deck/Patio _____</td> <td>Disposal _____</td> <td>Dishwasher _____</td> <td># of Cars _____</td> </tr> <tr> <td><input type="checkbox"/> Central AC <input type="checkbox"/> Individual AC Bath Wainscot _____</td> <td>Porch/Balcony _____</td> <td>Washer/Dryer _____</td> <td>Assigned _____</td> <td><input type="checkbox"/> Owned</td> </tr> <tr> <td><input type="checkbox"/> Other (describe) _____</td> <td>Doors _____</td> <td>Other _____</td> <td>Parking Space # _____</td> <td></td> </tr> </tbody> </table>		General Description	Interior materials/condition	Amenities	Appliances	Car Storage	Floor # _____	Floors _____	Fireplace(s) # _____	Refrigerator _____	<input type="checkbox"/> None	# of Levels _____	Walls _____	Woodstove(s) # _____	Range/Oven _____	<input type="checkbox"/> Garage <input type="checkbox"/> Covered <input type="checkbox"/> Open	Heating Type _____ Fuel _____ Trim/Finish _____	Deck/Patio _____	Disposal _____	Dishwasher _____	# of Cars _____	<input type="checkbox"/> Central AC <input type="checkbox"/> Individual AC Bath Wainscot _____	Porch/Balcony _____	Washer/Dryer _____	Assigned _____	<input type="checkbox"/> Owned	<input type="checkbox"/> Other (describe) _____	Doors _____	Other _____	Parking Space # _____
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DESCRIPTIVE INFORMATION	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? <input type="checkbox"/> Yes <input type="checkbox"/> No If No, describe and comment on compatibility to other projects in the market area.																														
	Additional features (special energy efficient items, etc.) _____																														
	Describe the condition of the property (including needed repairs, deterioration, renovations, remodeling, etc.) _____																														
PRIOR SALES ANALYSIS	Are there any physical deficiencies or adverse conditions that affect the livability, soundness, or structural integrity of the property? <input type="checkbox"/> Yes <input type="checkbox"/> No If Yes, describe _____																														
	Does the property generally conform to the neighborhood (functional utility, style, condition, use, construction, etc.)? <input type="checkbox"/> Yes <input type="checkbox"/> No If No, describe _____																														
	I <input type="checkbox"/> did <input type="checkbox"/> did not research the sale or transfer history of the subject property and comparable sales. If not, explain _____																														
	My research <input type="checkbox"/> did <input type="checkbox"/> did not reveal any prior sales or transfers of the subject property for the three years prior to the effective date of this appraisal.																														
RESEARCH	Data source(s) _____																														
	My research <input type="checkbox"/> did <input type="checkbox"/> did not reveal any prior sales or transfers of the comparable sales for the year prior to the date of sale of the comparable sale.																														
	Data source(s) _____																														
	Report the results of the research and analysis of the prior sale or transfer history of the subject property and comparable sales (report additional prior sales on page 3).																														
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Fannie Mae Form 1073 March 2005

▪ **Individual Condominium Unit Appraisal Report (Fannie Mae 1073/Freddie Mac 465)** [page 3]

Individual Condominium Unit Appraisal Report										File #			
There are comparable properties currently offered for sale in the subject neighborhood ranging in price from \$										to \$			
There are comparable sales in the subject neighborhood within the past twelve months ranging in sale price from \$										to \$			
FEATURE	SUBJECT	COMPARABLE SALE # 1			COMPARABLE SALE # 2			COMPARABLE SALE # 3					
Address and Unit #													
Project Name and Phase													
Proximity to Subject													
Sale Price	\$	\$			\$			\$					
Sale Price/Gross Liv. Area	\$ sq. ft.	\$ sq. ft.			\$ sq. ft.			\$ sq. ft.					
Data Source(s)													
Verification Source(s)													
VALUE ADJUSTMENTS	DESCRIPTION	DESCRIPTION	+	-	\$ Adjustment	DESCRIPTION	+	-	\$ Adjustment	DESCRIPTION	+	-	\$ Adjustment
Sale or Financing Concessions													
Date of Sale/Time													
Location													
Leasehold/Fee Simple													
HGA Mo. Assessment													
Common Elements and Rec. Facilities													
Floor Location													
View													
Design (Style)													
Quality of Construction													
Actual Age													
Condition													
Above Grade Room Count		Total	Bdms.	Baths	Total	Bdms.	Baths	Total	Bdms.	Baths	Total	Bdms.	Baths
Gross Living Area		sq. ft.			sq. ft.			sq. ft.			sq. ft.		
Basement & Finished Rooms Below Grade													
Functional Utility													
Heating/Cooling													
Energy Efficient Items													
Garage/Carport													
Porch/Patio/Deck													
Net Adjustment (Total)		+ - \$			+ - \$			+ - \$			+ - \$		
Adjusted Sale Price of Comparables		Net Adj. Gross Adj.	%	\$	Net Adj. Gross Adj.	%	\$	Net Adj. Gross Adj.	%	\$	Net Adj. Gross Adj.	%	\$
Summary of Sales Comparison Approach													
Indicated Value by Sales Comparison Approach \$													
INCOME APPROACH TO VALUE (not required by Fannie Mae)													
Estimated Monthly Market Rent \$		X Gross Rent Multiplier		= \$		Indicated Value by Income Approach							
Summary of Income Approach (including support for market rent and GRM)													
Indicated Value by: Sales Comparison Approach \$													
Income Approach (if developed) \$													
This appraisal is made <input type="checkbox"/> "as is", <input type="checkbox"/> subject to completion per plans and specifications on the basis of a hypothetical condition that the improvements have been completed, <input type="checkbox"/> subject to the following repairs or alterations on the basis of a hypothetical condition that the repairs or alterations have been completed, or <input type="checkbox"/> subject to the following required inspection based on the extraordinary assumption that the condition or deficiency does not require alteration or repair.													
Based on a complete visual inspection of the interior and exterior areas of the subject property, defined scope of work, statement of assumptions and limiting conditions, and appraiser's certification, my (our) opinion of the market value, as defined, of the real property that is the subject of this report is \$, as of , which is the date of inspection and the effective date of this appraisal.													

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▪ **Individual Condominium Unit Appraisal Report (Fannie Mae 1073/Freddie Mac 465)** [page 4]

Individual Condominium Unit Appraisal Report	File #
<p>This report form is designed to report an appraisal of a unit in a condominium project or a condominium unit in a planned unit development (PUD). This report form is not designed to report an appraisal of a manufactured home or a unit in a cooperative project.</p> <p>This appraisal report is subject to the following scope of work, intended use, intended user, definition of market value, statement of assumptions and limiting conditions, and certifications. Modifications, additions, or deletions to the intended use, intended user, definition of market value, or assumptions and limiting conditions are not permitted. The appraiser may expand the scope of work to include any additional research or analysis necessary based on the complexity of this appraisal assignment. Modifications or deletions to the certifications are also not permitted. However, additional certifications that do not constitute material alterations to this appraisal report, such as those required by law or those related to the appraiser's continuing education or membership in an appraisal organization, are permitted.</p> <p>SCOPE OF WORK: The scope of work for this appraisal is defined by the complexity of this appraisal assignment and the reporting requirements of this appraisal report form, including the following definition of market value, statement of assumptions and limiting conditions, and certifications. The appraiser must, at a minimum: (1) perform a complete visual inspection of the interior and exterior areas of the subject unit, (2) inspect and analyze the condominium project, (3) inspect the neighborhood, (4) inspect each of the comparable sales from at least the street, (5) research, verify, and analyze data from reliable public and/or private sources, and (6) report his or her analysis, opinions, and conclusions in this appraisal report.</p> <p>INTENDED USE: The intended use of this appraisal report is for the lender/client to evaluate the property that is the subject of this appraisal for a mortgage finance transaction.</p> <p>INTENDED USER: The intended user of this appraisal report is the lender/client.</p> <p>MARKET VALUE: The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby: (1) buyer and seller are typically motivated; (2) both parties are well informed or well advised, and each acting in what he or she considers his or her own best interest; (3) a reasonable time is allowed for exposure in the open market; (4) payment is made in terms of cash in U. S. dollars or in terms of financial arrangements comparable thereto; and (5) the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.</p> <p>*Adjustments to the comparables must be made for special or creative financing or sales concessions. No adjustments are necessary for those costs which are normally paid by sellers as a result of tradition or law in a market area; these costs are readily identifiable since the seller pays these costs in virtually all sales transactions. Special or creative financing adjustments can be made to the comparable property by comparisons to financing terms offered by a third party institutional lender that is not already involved in the property or transaction. Any adjustment should not be calculated on a mechanical dollar for dollar cost of the financing or concession but the dollar amount of any adjustment should approximate the market's reaction to the financing or concessions based on the appraiser's judgment.</p> <p>STATEMENT OF ASSUMPTIONS AND LIMITING CONDITIONS: The appraiser's certification in this report is subject to the following assumptions and limiting conditions:</p> <ol style="list-style-type: none"> 1. The appraiser will not be responsible for matters of a legal nature that affect either the property being appraised or the title to it, except for information that he or she became aware of during the research involved in performing this appraisal. The appraiser assumes that the title is good and marketable and will not render any opinions about the title. 2. The appraiser has provided a sketch in this appraisal report to show the approximate dimensions of the improvements. The sketch is included only to assist the reader in visualizing the property and understanding the appraiser's determination of its size. 3. The appraiser has examined the available flood maps that are provided by the Federal Emergency Management Agency (or other data sources) and has noted in this appraisal report whether any portion of the subject site is located in an identified Special Flood Hazard Area. Because the appraiser is not a surveyor, he or she makes no guarantees, express or implied, regarding this determination. 4. The appraiser will not give testimony or appear in court because he or she made an appraisal of the property in question, unless specific arrangements to do so have been made beforehand, or as otherwise required by law. 5. The appraiser has noted in this appraisal report any adverse conditions (such as needed repairs, deterioration, the presence of hazardous wastes, toxic substances, etc.) observed during the inspection of the subject property or that he or she became aware of during the research involved in performing this appraisal. Unless otherwise stated in this appraisal report, the appraiser has no knowledge of any hidden or unapparent physical deficiencies or adverse conditions of the property (such as, but not limited to, needed repairs, deterioration, the presence of hazardous wastes, toxic substances, adverse environmental conditions, etc.) that would make the property less valuable, and has assumed that there are no such conditions and makes no guarantees or warranties, express or implied. The appraiser will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because the appraiser is not an expert in the field of environmental hazards, this appraisal report must not be considered as an environmental assessment of the property. 6. The appraiser has based his or her appraisal report and valuation conclusion for an appraisal that is subject to satisfactory completion, repairs, or alterations on the assumption that the completion, repairs, or alterations of the subject property will be performed in a professional manner. 	
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▪ **Individual Condominium Unit Appraisal Report (Fannie Mae 1073/Freddie Mac 465)** [page 5]

Individual Condominium Unit Appraisal Report		File #
<p>APPRAISER'S CERTIFICATION: The Appraiser certifies and agrees that:</p> <ol style="list-style-type: none"> 1. I have, at a minimum, developed and reported this appraisal in accordance with the scope of work requirements stated in this appraisal report. 2. I performed a complete visual inspection of the interior and exterior areas of the subject property. I reported the condition of the improvements in factual, specific terms. I identified and reported the physical deficiencies that could affect the livability, soundness, or structural integrity of the property. 3. I performed this appraisal in accordance with the requirements of the Uniform Standards of Professional Appraisal Practice that were adopted and promulgated by the Appraisal Standards Board of The Appraisal Foundation and that were in place at the time this appraisal report was prepared. 4. I developed my opinion of the market value of the real property that is the subject of this report based on the sales comparison approach to value. I have adequate comparable market data to develop a reliable sales comparison approach for this appraisal assignment. I further certify that I considered the cost and income approaches to value but did not develop them, unless otherwise indicated in this report. 5. I researched, verified, analyzed, and reported on any current agreement for sale for the subject property, any offering for sale of the subject property in the twelve months prior to the effective date of this appraisal, and the prior sales of the subject property for a minimum of three years prior to the effective date of this appraisal, unless otherwise indicated in this report. 6. I researched, verified, analyzed, and reported on the prior sales of the comparable sales for a minimum of one year prior to the date of sale of the comparable sale, unless otherwise indicated in this report. 7. I selected and used comparable sales that are locationally, physically, and functionally the most similar to the subject property. 8. I have not used comparable sales that were the result of combining a land sale with the contract purchase price of a home that has been built or will be built on the land. 9. I have reported adjustments to the comparable sales that reflect the market's reaction to the differences between the subject property and the comparable sales. 10. I verified, from a disinterested source, all information in this report that was provided by parties who have a financial interest in the sale or financing of the subject property. 11. I have knowledge and experience in appraising this type of property in this market area. 12. I am aware of, and have access to, the necessary and appropriate public and private data sources, such as multiple listing services, tax assessment records, public land records and other such data sources for the area in which the property is located. 13. I obtained the information, estimates, and opinions furnished by other parties and expressed in this appraisal report from reliable sources that I believe to be true and correct. 14. I have taken into consideration the factors that have an impact on value with respect to the subject neighborhood, subject property, and the proximity of the subject property to adverse influences in the development of my opinion of market value. I have noted in this appraisal report any adverse conditions (such as, but not limited to, needed repairs, deterioration, the presence of hazardous wastes, toxic substances, adverse environmental conditions, etc.) observed during the inspection of the subject property or that I became aware of during the research involved in performing this appraisal. I have considered these adverse conditions in my analysis of the property value, and have reported on the effect of the conditions on the value and marketability of the subject property. 15. I have not knowingly withheld any significant information from this appraisal report and, to the best of my knowledge, all statements and information in this appraisal report are true and correct. 16. I stated in this appraisal report my own personal, unbiased, and professional analysis, opinions, and conclusions, which are subject only to the assumptions and limiting conditions in this appraisal report. 17. I have no present or prospective interest in the property that is the subject of this report, and I have no present or prospective personal interest or bias with respect to the participants in the transaction. I did not base, either partially or completely, my analysis and/or opinion of market value in this appraisal report on the race, color, religion, sex, age, marital status, handicap, familial status, or national origin of either the prospective owners or occupants of the subject property or of the present owners or occupants of the properties in the vicinity of the subject property or on any other basis prohibited by law. 18. My employment and/or compensation for performing this appraisal or any future or anticipated appraisals was not conditioned on any agreement or understanding, written or otherwise, that I would report (or present analysis supporting) a predetermined specific value, a predetermined minimum value, a range or direction in value, a value that favors the cause of any party, or the attainment of a specific result or occurrence of a specific subsequent event (such as approval of a pending mortgage loan application). 19. I personally prepared all conclusions and opinions about the real estate that were set forth in this appraisal report. If I relied on significant real property appraisal assistance from any individual or individuals in the performance of this appraisal or the preparation of this appraisal report, I have named such individual(s) and disclosed the specific tasks performed in this appraisal report. I certify that any individual so named is qualified to perform the tasks. I have not authorized anyone to make a change to any item in this appraisal report; therefore, any change made to this appraisal is unauthorized and I will take no responsibility for it. 20. I identified the lender/client in this appraisal report who is the individual, organization, or agent for the organization that ordered and will receive this appraisal report. 		
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■ **Individual Condominium Unit Appraisal Report (Fannie Mae 1073/Freddie Mac 465)** [page 6]

Individual Condominium Unit Appraisal Report		File # _____
<p>21. The lender/client may disclose or distribute this appraisal report to: the borrower; another lender at the request of the borrower; the mortgagee or its successors and assigns; mortgage insurers; government sponsored enterprises; other secondary market participants; data collection or reporting services; professional appraisal organizations; any department, agency, or instrumentality of the United States; and any state, the District of Columbia, or other jurisdictions; without having to obtain the appraiser's or supervisory appraiser's (if applicable) consent. Such consent must be obtained before this appraisal report may be disclosed or distributed to any other party (including, but not limited to, the public through advertising, public relations, news, sales, or other media).</p> <p>22. I am aware that any disclosure or distribution of this appraisal report by me or the lender/client may be subject to certain laws and regulations. Further, I am also subject to the provisions of the Uniform Standards of Professional Appraisal Practice that pertain to disclosure or distribution by me.</p> <p>23. The borrower, another lender at the request of the borrower, the mortgagee or its successors and assigns, mortgage insurers, government sponsored enterprises, and other secondary market participants may rely on this appraisal report as part of any mortgage finance transaction that involves any one or more of these parties.</p> <p>24. If this appraisal report was transmitted as an "electronic record" containing my "electronic signature," as those terms are defined in applicable federal and/or state laws (excluding audio and video recordings), or a facsimile transmission of this appraisal report containing a copy or representation of my signature, the appraisal report shall be as effective, enforceable and valid as if a paper version of this appraisal report were delivered containing my original hand written signature.</p> <p>25. Any intentional or negligent misrepresentation(s) contained in this appraisal report may result in civil liability and/or criminal penalties including, but not limited to, fine or imprisonment or both under the provisions of Title 18, United States Code, Section 1001, et seq., or similar state laws.</p>		
<p>SUPERVISORY APPRAISER'S CERTIFICATION: The Supervisory Appraiser certifies and agrees that:</p> <p>1. I directly supervised the appraiser for this appraisal assignment, have read the appraisal report, and agree with the appraiser's analysis, opinions, statements, conclusions, and the appraiser's certification.</p> <p>2. I accept full responsibility for the contents of this appraisal report including, but not limited to, the appraiser's analysis, opinions, statements, conclusions, and the appraiser's certification.</p> <p>3. The appraiser identified in this appraisal report is either a sub-contractor or an employee of the supervisory appraiser (or the appraisal firm), is qualified to perform this appraisal, and is acceptable to perform this appraisal under the applicable state law.</p> <p>4. This appraisal report complies with the Uniform Standards of Professional Appraisal Practice that were adopted and promulgated by the Appraisal Standards Board of The Appraisal Foundation and that were in place at the time this appraisal report was prepared.</p> <p>5. If this appraisal report was transmitted as an "electronic record" containing my "electronic signature," as those terms are defined in applicable federal and/or state laws (excluding audio and video recordings), or a facsimile transmission of this appraisal report containing a copy or representation of my signature, the appraisal report shall be as effective, enforceable and valid as if a paper version of this appraisal report were delivered containing my original hand written signature.</p>		
<p>APPRAISER</p> <p>Signature _____</p> <p>Name _____</p> <p>Company Name _____</p> <p>Company Address _____</p> <p>Telephone Number _____</p> <p>Email Address _____</p> <p>Date of Signature and Report _____</p> <p>Effective Date of Appraisal _____</p> <p>State Certification # _____</p> <p>or State License # _____</p> <p>or Other _____ State # _____</p> <p>State _____</p> <p>Expiration Date of Certification or License _____</p> <p>ADDRESS OF PROPERTY APPRAISED _____</p> <p>APPRAISED VALUE OF SUBJECT PROPERTY \$ _____</p> <p>LENDER/CLIENT</p> <p>Name _____</p> <p>Company Name _____</p> <p>Company Address _____</p> <p>Email Address _____</p>	<p>SUPERVISORY APPRAISER (ONLY IF REQUIRED)</p> <p>Signature _____</p> <p>Name _____</p> <p>Company Name _____</p> <p>Company Address _____</p> <p>Telephone Number _____</p> <p>Email Address _____</p> <p>Date of Signature _____</p> <p>State Certification # _____</p> <p>or State License # _____</p> <p>State _____</p> <p>Expiration Date of Certification or License _____</p> <p>SUBJECT PROPERTY</p> <p><input type="checkbox"/> Did not inspect subject property</p> <p><input type="checkbox"/> Did inspect exterior of subject property from street</p> <p style="padding-left: 20px;">Date of Inspection _____</p> <p><input type="checkbox"/> Did inspect interior and exterior of subject property</p> <p style="padding-left: 20px;">Date of Inspection _____</p> <p>COMPARABLE SALES</p> <p><input type="checkbox"/> Did not inspect exterior of comparable sales from street</p> <p><input type="checkbox"/> Did inspect exterior of comparable sales from street</p> <p style="padding-left: 20px;">Date of Inspection _____</p>	
<p>Freddie Mac Form 465 March 2005 Page 6 of 6 Fannie Mae Form 1073 March 2005</p>		

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