



For Credit Unions

# Appraisal Review Techniques

FOR MANUFACTURED HOUSING





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### CHAPTER TWO

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Arch Mortgage Insurance Company (Arch MI) is providing this training, Appraisal Review Techniques for Manufactured Housing, 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 manufactured housing 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 utilize current forms for each loan.



## CHAPTER ONE

### INTRODUCTION TO APPRAISAL REVIEW FOR MANUFACTURED HOUSING

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 the 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 appraisal's accuracy. The ultimate responsibility falls on the mortgage underwriter.

- **Lender**

Credit unions are responsible for selecting an appraiser who has the knowledge and experience that is 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 provides complete and accurate reports of neighborhood and property conditions in factual and specific terms, impartial and specific descriptions of favorable or unfavorable factors, avoiding 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.

Manufactured Housing is a property type defined as a factory-built home on a permanent frame with a removable transportation system, delivered and permanently attached to a site-built foundation. Manufactured housing is subject to federal standards established in 1976 by the Department of Housing and Urban Development (HUD).

Though still often mistakenly referred to as a "mobile home," manufactured housing is becoming a significant part of the housing inventory. Although the product is still built in factories, the homes differ significantly from their origins as travel trailers or temporary housing. Decades of concentrated improvement in design, quality and size have produced a product that is reaching parity with site-built housing. In the last decade, the product has expanded in median size by more than 300 square feet, captured over one-third of new home sales and significantly expanded its appeal to potential homebuyers. The introduction of competitive materials, relaxation of design constraints and introduction of amenities have made newer manufactured housing almost indistinguishable from site-built housing. Though the product is most popular for rural housing, a trend is developing in some states for manufactured home subdivisions that provide landscaped grounds and recreational amenities that compete with those of traditional developments. When well-built and properly maintained, manufactured housing may well last as long as site-built housing that costs twice as much to build. Though all types of users buy manufactured housing, their low cost has attracted many low- and moderate- income households and retirees.

Though other types of factory-built homes exist, they constitute a small segment of the market and are built to local and state, rather than federal, standards. Examples are as follows:

- **Modular homes** — A home constructed on a factory assembly line, but with conventional home floor joists. Fully constructed modules are transported to the permanent site on a trailer, lifted from the trailer and anchored to the foundation.
- **Panelized homes** — These factory homes are constructed with floors, walls and (often) roof in small panel form, then assembled at the site and attached to the foundation. Since these homes are not assembled at the factory, quality control is generally diminished.
- **Pre-cut homes** — Components are cut to specified sizes at the factory and then the home is constructed by workmen at the permanent site, where electrical, plumbing and other components are added.

For mortgage lending purposes, appraisals of residential properties classified as manufactured housing are prepared on the Manufactured Home Appraisal Report (Fannie Mae 1004C/Freddie Mac 70B form). Appraisals of manufactured housing require attention to unique differences in market behavior, dictated by the product's construction characteristics and buyer profile. The purpose of this module is to guide reviewers through the process of recognizing the appraiser's awareness of these differences and validating the treatment of alternative procedures.

The Manufactured Housing module will provide a section-by-section description of the 1004C/70B appraisal form, which is designed specifically for the valuation of manufactured homes. This module will address all sections of the appraisal forms, with particular attention to the unique nature of manufactured homes.

An exhibit of the Manufactured Home Appraisal Report is located in the back of this module.

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

## THE MANUFACTURED HOME APPRAISAL REPORT

### Fannie Mae 1004C/Freddie Mac 70B

The Manufactured Home Appraisal Report (Fannie Mae Form 1004C/Freddie Mac Form 70B) is a stand-alone appraisal report form designed exclusively to report an appraisal of a 1-unit manufactured home, based on an interior and exterior inspection of the subject property. This appraisal form is unique in that a Cost Approach is required.

What follows is an overview of Form 1004C/70B. The complete seven-page form is provided at the end of this module.

### Page 1 — FORM 1004C/70B

**PURPOSE:** The very first line of the Manufactured Home Appraisal Report describes the purpose of the appraisal report and references Market Value. Although there are numerous definitions of value, the proper 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 and 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, its location, current and potential owners, property rights to be appraised, assignment type and entities involved in the transaction.

|         |  |                                |                                 |                                 |   |                                    |
|---------|--|--------------------------------|---------------------------------|---------------------------------|---|------------------------------------|
| SUBJECT | Property Address   |                                |                                 | City                            | State   | Zip Code                           |
|         | Borrower   |                                |                                 | Owner of Public Record          |   | County                             |
|         | Legal Description  |                                |                                 |                                 |   |                                    |
|         | Assessor's Parcel #  |                                |                                 | Tax Year                        | R.E. Taxes \$   |                                    |
|         | Neighborhood Name  |                                |                                 | Map Reference                   | Census Tract  |                                    |
|         | Occupant   | <input type="checkbox"/> Owner | <input type="checkbox"/> Tenant | <input type="checkbox"/> Vacant | Project Type (if applicable) <input type="checkbox"/> PUD <input type="checkbox"/> Condominium <input type="checkbox"/> Cooperative <input type="checkbox"/> Other (describe) |                                    |
|         | 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).  |                                |                                 |                                 |   |                                    |
|         | Manufactured homes located in either a condominium or cooperative project require the appraiser to inspect the project and complete the Project Information section of the Individual Condominium Unit Appraisal Report or the Individual Cooperative Interest Appraisal Report and attach it as an addendum to this report. |                                |                                 |                                 |   |                                    |

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

**Property Address** — Within this section the appraiser must identify the subject by its complete property address, including the physical street location, city, state and ZIP code. A post office box (P.O. Box) is not an acceptable address. The appraiser should also indicate the nearest intersection if a house number is not available, in addition to providing the legal description for the subject.

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

**Owner of Public Record** — The owner of the property according to the records of the county or other governmental jurisdictions such as a 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 typically indicate where the subject property is located and identify the jurisdiction where records associated with the subject property are housed.

**Legal Description** — A method of geographically identifying a parcel of land, which is acceptable in a court of law. When the legal description is lengthy, the appraiser may attach a copy of the deed or title description or other addendum to the appraisal report or may simply refer to the description's location in public records.



**Assessor's Parcel # (APN)** — The APN is the county's tax identification number for the property. In some cases, the subject property may consist of more than one parcel, in which case there will be two or more APN numbers. In other instances, the property may be new or proposed construction and an APN has not yet been issued. In these cases, the APN field may be blank, or the Appraiser indicates "N/A" or "none." A few markets do not use APN numbers, but it is still necessary to report the level of similar alternative information in these areas for this item.

**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.

**Neighborhood Name** — This descriptive field helps to further identify the property by naming the subdivision, development project or neighborhood district where the property is located. Rural areas usually do not have a neighborhood name.

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

**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 tract geographic areas also have implications for HMDA reporting.

**Occupant** — This field indicates if the current occupant of the property is the owner or a tenant or if the property is now vacant.

**Project Type (if applicable)** — The next appraisal field indicates whether the subject property is located in one of four project types. Manufactured housing in rural locations rarely has a project type. The reviewer must rely on the appraiser's commentary to ensure that comparable sales are from an area that competes with the subject. The most common types of projects are:

**Planned Unit Development (PUD)** — A PUD is a type of residential, commercial or industrial development (or a combination thereof) in which the improvements are clustered in a pre-designed layout that includes common areas. Individual properties (the land and attached improvements) are owned in fee, while the common areas are placed in joint ownership. The common areas can consist of any number of items, but typically include greenbelt areas, private streets, parking facilities and recreation amenities. There are usually mandatory fees or dues assessed to the property owner for maintenance of these common areas.

**IMPORTANT NOTE:** PUD denotes a type of land use. It does not describe the physical characteristics of an individual property. It can also describe a “type” of ownership as individually owned properties can be located within PUD “developments.”

**Condominium** — This project type can be similar to a PUD except ownership 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.

**Cooperative** — A manufactured home project based on cooperative ownership. The manufactured home and site are owned by a corporation or trust in which each owner purchases stock from the corporation representing the value of a single unit and receives a proprietary lease as evidence of title. There is also an underlying mortgage associated with the project that the individual unit owner will also be partially responsible for, often referred to as the pro-rata share of the blanket mortgage.

**Other (describe)** — If none of the choices apply, the appraiser should select “other” and provide a detailed description.

**IMPORTANT NOTE:** A manufactured home located in either a condominium or cooperative project requires the appraiser to inspect the project and complete the project information section of the Individual Condominium Unit Appraisal Report (Form 465/1073) or the Individual Cooperative Interest Appraisal Report (Form 2090) and attach it as an addendum to the Manufactured Home Appraisal Report.

**Special Assessments \$** — This field is reserved for any taxes, bonds or levies against the property and/or project aside from real estate taxes and homeowner association 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 Manufactured Home Appraisal Report (Form 1004C/70B).

**HOA \$** — This field records the dollar amount of homeowner association dues that are paid for the maintenance of common areas for PUD- and condominium-type ownership. This is reported as either a per-year or per-month figure as indicated by the box the appraiser checks.

**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 (for example, 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.
- *Leasehold* — The “right” of use and occupancy of a property for a stated term under prescribed circumstances by virtue of a lease agreement. Manufactured homes on leased land are not acceptable for many investors.

**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.

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

**Address** — This is the address of whoever ordered the appraisal (credit union, broker, etc.). Comparison of the credit union or broker address to that of the Appraiser’s and subject’s address can be revealing as to the level of local market knowledge and motivations applied to the appraisal. Additionally, detailed address and contact information for these parties are also located on Page 7 of the Manufactured Home Appraisal Report.

**Is the subject property currently offered for sale or has it been offered for sale in the 12 months prior to the effective date of this appraisal?** ☐ Yes ☐ No — If “Yes,” this information can be useful to compare the appraised value and often provides a good indication of the upper limit of value for the property.

**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 multiple listing service (MLS), including list price and dates.

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

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

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 first section or check box provides input from the appraiser to indicate that he did or did not analyze the subject's purchase or sales agreement. Several spaces are provided to explain the analysis, or, if one was not performed, why not.

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

**Date of Contract** — This would represent 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 an important item and should match 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 borrower?**

☐ Yes ☐ No If Yes, report the dollar amount and describe the items to be paid — This information should indicate if there are any loan charges, sales concessions or gifts paid by the seller (or any other party who has a financial interest in the sale or financing of the subject property). The existence of this activity may indicate soft market conditions or marketability issues associated with the subject, especially if it isn't 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.

I ☐ did ☐ did not analyze the manufacturer's invoice. Explain the results of the analysis of the manufacturer's invoice or why the analysis was not performed — If the manufactured home was recently purchased from a dealer, it will be useful to compare the invoiced amount to major components (dwelling or sections) of the Cost Approach. If these values are different, the reviewer should determine why the values differ.

**Retailer's Name (New Construction)** — For a recent retail purchase, this will provide a source to verify invoice amounts and confirm additional options and features, if any, are indicated on the appraisal.



This section introduces information on the subject property's location within the surrounding area or neighborhood. 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 market for the property.

For manufactured housing in urban or suburban locations, this section is reviewed in the same manner as presented as a single-family residence. However, only a small percentage of manufactured housing is placed in traditional urban subdivisions where the homeowner owns the site. The majority of manufactured housing is located on privately owned rural sites.

| Note: Race and the racial composition of the neighborhood are not appraisal factors. |                          |  |                             |  |          |                      |              |                    |  |
|--|--------------------------|--|-----------------------------|--|----------|----------------------|--------------|--------------------|--|
| Neighborhood Characteristics   |                          |  | Manufactured Housing Trends |  |          | Manufactured 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

- *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. These three terms refer to location as compared to use. An example of property use terms can include agriculture or office properties, neither of which is allowed for GSE loan purchases.

- *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* — This information helps 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 stable. Growth continues even in older and developed neighborhoods due to a change in land use or redevelopment. There should be an adequate explanation if Slow is indicated.

**Manufactured Housing Trends** — Within the neighborhood section these key areas are discussed:

- *Property Values* — Increasing or declining values require comments and should correlate to date of sale/time adjustments in the Sales Comparison Approach analysis 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 oversupply and a statement on its impact on value and marketability in the market conditions comments at the end of this section.
- *Marketing Time* — If “Over 6 mths” is marked, the appraisal 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.

**Manufactured Housing** — These fields provide a description of the neighborhood manufactured housing stock and a feel for the overall homogeneity of the housing. Initially the appraiser provides the low, high and predominant price and age to establish a range, then a predominant figure for the following components:

- *Price* — The sales prices of the comparable sales and the price or appraised value of the subject should be within the indicated low-high range. The appraiser should not consider isolated extremes for the sales price ranges; rather, these ranges should reflect the typical sales activity at the low and high end of the price spectrum within the neighborhood. 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 actual age of the subject property to be near or within the age range of other properties in the neighborhood. If not, an explanation should be in the commentary at the end of this section.
- *Pred. (Predominant Value)* — This line should present the most frequently occurring sale price and the typical age of properties located within the subject's neighborhood. The reviewer's main concern is whether the property conforms to the neighborhood.

**Present Land Use %** — The percentage distribution of land use and the appraiser's commentary helps the reviewer determine whether the subject is negatively affected by other land uses such as multi-family, 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. The appraiser should provide an outline of the neighborhood boundaries, which should be clearly delineated using "North," "South," "East" and "West" and provide specific boundaries such as major streets, hills, rivers, railroads, etc. Comparable sales should be within these boundaries; if not, an explanation is required. Urban neighborhoods would typically have smaller and better defined neighborhoods, while rural neighborhoods may be more general and larger in geographic size.

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

**Market Conditions (including support for the above conclusions)** — This comment section is where the appraiser is expected to provide appropriate support for the neighborhood characteristics, trends, price, age, and land-use categories above. Additionally, comments can also include demand and supply, marketing times and data on competitive properties in the neighborhood.

The reviewer should examine the items listed below and be assured that the property generally conforms to the marketplace. In addition, any unusual or atypical characteristics for the subject site are addressed and that any favorable or unfavorable situations have been explained by the appraiser in the comments. Ideally, the subject's site size, shape, use and amenities should be similar with those of other neighborhood properties. This section also provides an opportunity for a cross check of several characteristics (described below) in comparison to items on the sales grid on Page 3 of the Manufactured Home Appraisal Report within the Sales Comparison Approach.

| Dimensions   | Area                     | Shape                    | View   |
|--|--------------------------|--------------------------|--|
| Specific Zoning Classification   |                          | Zoning Description       |  |
| Zoning Compliance <input type="checkbox"/> Legal <input type="checkbox"/> Legal Nonconforming (Grandfathered Use) <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  |                          |                          |  |
| Is the site size, shape and topography generally conforming to and acceptable in the market area? <input type="checkbox"/> Yes <input type="checkbox"/> No If No, explain                                  |                          |                          |  |
| Is there adequate vehicular access to the subject property? <input type="checkbox"/> Yes <input type="checkbox"/> No If No, describe   |                          |                          |  |
| Is the street properly maintained? <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 |                          |                          |  |

**Dimensions** — This would provide measurements for the site, typically width and depth in the case of a rectangular-shaped lot. For unusually shaped sites, there may be multiple dimensions provided.

**Area** — Would be related to the dimensions above or sum of them and may be expressed in square feet, acres or portions of acres. (Remember, 43,560 sq. ft. equals one acre.) A key consideration for this item is whether the subject's area is reasonably conforming and acceptable in the neighborhood. The area measurement is equivalent to the site line item in the Sales Comparison Approach on Page 3 of this form.

**Shape** — This item would provide an indication of the shape for the subject site, which typically would be rectangular, but there may be unusual site shapes as well. Neighborhood conformity and acceptance are important for this item.

**View** — If the subject site does in fact have a favorable view such as water, mountains, city, etc., it may add significant value compared to sites without such a view. Adverse views such as train tracks or power lines may decrease value. View amenities can be a little tricky to quantify from an appraisal perspective and even more difficult to confirm during the review process. View attributes are also a line item and will appear on the Sales Comparison Approach or included within the site line item just above view.

**Specific Zoning Classification** — This would represent the specific site zoning code established by local government. An example might be "R-1 Residential" rather than simply "residential."

**Zoning Description** — A general statement to describe what the zoning allows, such as "1 unit" and "2 units," when the appraiser indicates a specific zoning such as R-1, R-2, etc. From the example above, the description could be: residential use — 1 unit on a half-acre or less. If the zoning description includes a reference to the minimum or maximum site size, this may also provide yet another opportunity to cross check and confirm the site size on the sales grid within the Sales Comparison Approach.



**Zoning Compliance** — One of the most important aspects to consider for the subject's site is zoning compliance. Ideally, the first check box "legal" is marked, although legal nonconforming (grandfathered use) is also acceptable for mortgage insurance purposes. If the improvements do not represent a legal, conforming use, the appraiser must address this issue and its effect on the marketability and value of the subject. Typically, illegally zoned properties are unsalable but at a minimum require an explanation. Lack of zoning, or no zoning, requires an explanation. Ideally comps should have the same zoning as the subject property.

**IMPORTANT NOTE:** Some municipalities and many rural properties will often have no zoning regulations.

**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. The "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 use of this form is likely not applicable.

**Utilities** — Public, private or community utilities (electricity, gas, water and sanitary sewer) must be available to the site. The utilities must meet community standards and be generally acceptable to area residents, and support year-around use. If private well water and septic systems are used, ideally they should be located on the subject parcel and commentary should be provided. However, off-site utilities may be acceptable if the subject parcel has the associated right to access them and if there is a legally binding agreement for their access and maintenance.

**Off-Site Improvements-Type** — The reviewer should determine the type of off-site improvements (street/alley) that are present and determine if they are publicly or privately maintained. If the street is marked private, access to property should be deeded and an adequate and legally enforceable agreement for maintenance should be available. The associated maintenance for streets may contribute to increased fees for road maintenance (such as snow plowing, road repairs or dust control if gravel).

**FEMA Special Flood Hazard Area** ☐ Yes ☐ No — 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. There is a FEMA map website that can be helpful in some cases with review of flood information. This free service can be accessed by entering the subject property’s address at: <http://store.msc.fema.gov/> and selecting the map search icon or button towards the top of the site.

**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 may provide confirmation and or information on utility service, streets and alleyways that provide access to the site. If the street is marked private, access to the property should be deeded and an adequate, legally enforceable agreement for maintenance should be available.

**Is the site size, shape, and topography generally conforming to and acceptable in the market area?** ☐ Yes ☐ No — **If No, explain** — This provides commentary regarding conformity of the subject’s site to the overall market area.

**Is there adequate vehicular access to the subject property?** ☐ Yes ☐ No — **If No, explain** — This can be an issue in cases where lots have been subdivided or resold from parties that may have previously had informal access agreements that may no longer be acceptable to new owners, etc.

**Is the street properly maintained?** ☐ Yes ☐ No — **If No, describe** — For manufactured homes in parks or projects, often with private streets, the appearance of the private streets can be revealing as to the status of homeowner association and overall levels of maintenance.

**Are there any adverse site conditions or external factors (easements, encroachments, environmental conditions, land uses, etc.)?** ☐ Yes ☐ No — **If Yes, describe** — If “Yes,” this needs to be described as any condition specific to the subject site that would effect value or marketability of the subject property that is important to know. 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 and should reappear in the Sales Comparison Approach.

The information in this section provides specific detail on the subject manufactured home. Much of this information will be used in the Cost Approach to value on Page 2 of the Manufactured Home Appraisal Report. The first couple of items provide information on where some of these unique manufactured home items are located on the subject unit and finishes up with the specifics for these important items as follows:

|  |   |             |                     |
|--|---|-------------|---------------------|
| H<br>U<br>D<br><br>D<br>A<br>T<br>A<br><br>P<br>L<br>A<br>T<br>E | The HUD Data Plate/Compliance Certificate is located on the interior of the subject and contains, among other things, the manufacturer's name, trade/model name, year manufactured and serial number. The HUD Certification Label is located on the exterior of each section of the home. |             |                     |
|  | Is the HUD Data Plate/Compliance Certificate attached to the dwelling? <input type="checkbox"/> Yes <input type="checkbox"/> No If Yes, identify the location. If No, provide the data source(s) for the HUD Data Plate/Compliance Certificate information.                               |             |                     |
|  | Is a HUD Certification Label attached to the exterior of each section of the dwelling? <input type="checkbox"/> Yes <input type="checkbox"/> No If No, provide the data source(s) for the HUD Certification Label #'s   |             |                     |
|  | Manufacturer's Serial #(s)/VIN #(s)   |             |                     |
|  | HUD Certification Label #(s)  |             |                     |
|  | Manufacturer's Name   | Trade/Model | Date of Manufacture |
|  | Do the Wind, Roof Load, and Thermal Zones meet the minimum HUD requirements for the location of the subject property? <input type="checkbox"/> Yes <input type="checkbox"/> No If No, explain   |             |                     |

The HUD Data Plate/Compliance Certificate is a paper document located on the interior of the subject property that contains, among other things, the manufacturer's name and trade/model number. In addition, the data plate includes pertinent information about the unit including a list of factory-installed equipment.

The HUD Certification Label, sometimes referred to as a HUD "seal" or "tag," is a metal plate located on the exterior of each section of the home.

The 1004C appraisal form must show evidence of both the HUD Data Plate/Compliance Certificate and the HUD Certification Label.

**Is the HUD Data Plate/Compliance Certificate attached to the dwelling?** ☐ Yes ☐ No — **If Yes, identify the location. If No, provide the data source(s) for the HUD Data Plate/Compliance Certificate information** — This series of questions requires the appraiser to confirm the location of the Data Plate/Compliance Certificate, and, if not located on the subject, the alternative source of this information.

**Is the HUD Certification Label attached to the exterior of each section of the dwelling?** ☐ Yes ☐ No — **If No, provide the data source(s) for the HUD Certification Label #'s** — Similar in intent to the last series of questions, except the focus is on the exterior HUD label that is permanently attached to the unit.

**IMPORTANT NOTE:** If the Label is missing from the subject or has been altered without proper permits and/or inspections, the structure will likely not be suitable collateral for a mortgage transaction.

**Manufacturer's Serial #(s)/VIN #(s)** — These numbers represent the manufacturer's serial number and are similar to a motor vehicle identification number. This information is typically located on the certificate or on the tow bar, if not yet removed. Alternatively, it may also be stamped on the unit's front frame.

**HUD Certification Label #(s)** — Identifies and confirms that the subject meets HUD and local building and safety codes and is suitable for occupancy.

**Manufacturer's Name** — This will indicate what entity manufactured the unit.

**Trade/Model** — Manufactured homes have a model name associated with them and this will appear on the front side of the units and/or on the HUD Data Plate.

**Date of Manufacture** — The date of manufacture, which is useful for an age check.

**Do the Wind, Roof Load and Thermal Zones meet the minimum HUD requirements for the location of the subject property?** ☐ Yes ☐ No - **If No, explain** — This requires the appraiser to examine the certificate to ensure that the unit was designed and safe for various regions and climates.

## PAGE 2 — FORM 1004C/70B

The reviewer should carefully analyze this section to determine whether the subject's improvements conform to the neighborhood with regard to type, design and construction materials. The data should be consistent with the information found on the Sales Comparison section and the photos. If the subject is characterized as "unique" housing and is not in conformity with the neighborhood, the reviewer must ensure that the appraiser has provided adequate information to support a reliable estimate of value.

| General Description  |   | Foundation   |  | Exterior Description materials/condition                            |  | Interior materials/condition |  |
|--|---|--|--|---|--|------------------------------|--|
| # of Units <input type="checkbox"/> One <input type="checkbox"/> Additions   | <input type="checkbox"/> Poured Concrete <input type="checkbox"/> Concrete Runners                  | Skirting   |  | Floors  |  |                              |  |
| # of Stories <input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> Other  | <input type="checkbox"/> Block & Pier <input type="checkbox"/> Other-att. description               | Exterior Walls   |  | Walls   |  |                              |  |
| Design (Style)   | <input type="checkbox"/> Full Basement <input type="checkbox"/> Partial Basement                    | Roof Surface   |  | Trim/Finish   |  |                              |  |
| # of Sections <input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3   | Basement Area sq. ft.   | Gutters & Downspouts   |  | Bath Floor  |  |                              |  |
| <input type="checkbox"/> Other   | Basement Finish %   | Window Type  |  | Bath Wainscot   |  |                              |  |
| Type <input type="checkbox"/> Det. <input type="checkbox"/> Att. <input type="checkbox"/> S-Det/End Unit   | <input type="checkbox"/> Outside Entry/Exit <input type="checkbox"/> Sump Pump                      | Storm Sash/Insulated   |  | Car Storage <input type="checkbox"/> None                           |  |                              |  |
| <input type="checkbox"/> Existing <input type="checkbox"/> Proposed <input type="checkbox"/> Under Const.  | Evidence of <input type="checkbox"/> Infestation  | Screens  |  | <input type="checkbox"/> Driveway # of Cars                         |  |                              |  |
| Year Built Effective Age (Yrs)   | <input type="checkbox"/> Dampness <input type="checkbox"/> Settlement                               | Doors  |  | Driveway Surface  |  |                              |  |
| Attic <input type="checkbox"/> None  | Heating <input type="checkbox"/> FWA <input type="checkbox"/> HWBB <input type="checkbox"/> Radiant | Amenities <input type="checkbox"/> WoodStove(s) #                      |  | <input type="checkbox"/> Garage # of Cars                           |  |                              |  |
| <input type="checkbox"/> Drop Stair <input type="checkbox"/> Stairs  | <input type="checkbox"/> Other Fuel   | <input type="checkbox"/> Fireplace(s) # <input type="checkbox"/> Fence |  | <input type="checkbox"/> Carport # of Cars                          |  |                              |  |
| <input type="checkbox"/> Floor <input type="checkbox"/> Scuttle  | Cooling <input type="checkbox"/> Central Air Conditioning   | <input type="checkbox"/> Patio/Deck <input type="checkbox"/> Porch     |  | <input type="checkbox"/> Attached <input type="checkbox"/> Detached |  |                              |  |
| <input type="checkbox"/> Finished <input type="checkbox"/> Heated  | <input type="checkbox"/> Individual <input type="checkbox"/> Other                                  | <input type="checkbox"/> Pool <input type="checkbox"/> Other           |  | <input type="checkbox"/> Built-in                                   |  |                              |  |
| Appliances <input type="checkbox"/> Refrigerator <input type="checkbox"/> Range/Oven <input type="checkbox"/> Dishwasher <input type="checkbox"/> Disposal <input type="checkbox"/> Microwave <input type="checkbox"/> Washer/Dryer <input type="checkbox"/> Other (describe)  |   |  |  |   |  |                              |  |
| Finished area above grade contains: Rooms Bedrooms Bath(s) Square Feet of Gross Living Area Above Grade  |   |  |  |   |  |                              |  |
| Describe any additions or modifications (decks, rooms, remodeling, etc.)   |   |  |  |   |  |                              |  |
|  |   |  |  |   |  |                              |  |
| Installer's Name   |   | Date Installed   |  | Model Year  |  |                              |  |
| Is the manufactured home attached to a permanent foundation system? <input type="checkbox"/> Yes <input type="checkbox"/> No If No, describe the foundation system and the manner of attachment.   |   |  |  |   |  |                              |  |
|  |   |  |  |   |  |                              |  |
| Have the towing hitch, wheels, and axles been removed? <input type="checkbox"/> Yes <input type="checkbox"/> No If No, explain   |   |  |  |   |  |                              |  |
|  |   |  |  |   |  |                              |  |
| Is the manufactured home permanently connected to a septic tank or sewage system and other utilities? <input type="checkbox"/> Yes <input type="checkbox"/> No If No, explain  |   |  |  |   |  |                              |  |
|  |   |  |  |   |  |                              |  |
| Does the dwelling have sufficient gross living area and room dimensions to be acceptable to the market? <input type="checkbox"/> Yes <input type="checkbox"/> No If No, explain  |   |  |  |   |  |                              |  |
|  |   |  |  |   |  |                              |  |
| Additional features (special energy efficient items, non-realty items, etc.)   |   |  |  |   |  |                              |  |
|  |   |  |  |   |  |                              |  |
| The appraiser must rate the quality of construction for the subject unit based on objective criteria (such as N.A.D.A. Manufactured Housing Appraisal Guide®, Marshall & Swift Residential Cost Handbook®, or other published cost service). The appraiser must also report the source used for this quality of construction rating determination. |   |  |  |   |  |                              |  |
| Quality <input type="checkbox"/> Poor <input type="checkbox"/> Fair <input type="checkbox"/> Average <input type="checkbox"/> Good <input type="checkbox"/> Excellent Identify source of quality rating  |   |  |  |   |  |                              |  |
| 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  |   |  |  |   |  |                              |  |
|  |   |  |  |   |  |                              |  |



**General Description** — This section provides various check boxes and questions that identify the character of the residential improvements (a single-family residence with a possible accessory unit; the appraisal of other property types is not allowed on this form). These characteristics are fairly straightforward and include:

- Number of Units; One or Additions.
- Number of Stories.
- Design (Style).
- Number of Sections.
- Type.
- Existing, Proposed or Under Const.
- Year Built and Effective Age (Yrs).

Particular attention should be paid to the appraiser's perception of the Effective Age of the improvements, as this will have implications for other aspects of the analysis. The Effective Age should accurately reflect the overall property condition. The difference between Actual Age (age in years) and Effective Age (a buyer's perception of the home's age) is generally related to the level of maintenance. Significant variances between the two should be noted and commented on by the appraiser. Typically, Effective Age will be less than Actual Age when regular maintenance and improvements are made to a property over the years.

**Attic** — This section provides for a description and utility of the attic space if any. The appropriate boxes should be checked indicating the type of access, finish and heating. Similar to a finished basement, this feature should not be included in the square footage or Gross Livable Area (GLA) or in the room count, but can have significant contributory value.

**Foundation** — The reviewer should note the materials and construction techniques for the foundation and, if applicable, information provided on the subject's basement. Information provided in the Foundation subsection is illustrated below:

- Poured Concrete.
- Concrete Runners.
- Block and Pier.
- Other-att. (attached) Description.
- Full Basement.
- Partial Basement.
- Basement Area Square Footage.
- Basement Finish Percentage.

It is possible for a foundation to comprise a combination of various foundation types. The appraisal should identify each type that is applicable to the subject. Any foundations that involve wood products and earth contact are not acceptable.

The check box items below represent the existence of several basement related categories, which, if they exist, may have an impact on the structure's value, marketability and structural integrity. The existence of a sump pump, and especially any signs of dampness and/or infestation, should be addressed in more detail via commentary in the condition and physical deficiency comments below. These may require additional inspections by experts in these various categories.

- Outside Entry/Exit.
- Sump Pump.
- Evidence of ☐ Infestation ☐ Dampness ☐ Settlement.

**Heating and Cooling** — A series of check box selections precedes the most common heating types such as FWA (forced air), HWBB (hot water base board), radiant (heat) and other. Cooling systems for the subject, if applicable, can include central air, individually cooled rooms and other. Central air conditioning is an important feature in most southern locations in the U.S. and can contribute to value.

**Exterior Description (Materials/Condition)** — This section provides the reviewer with an overall description of the exterior features of the improvements. In general, the appraiser should provide descriptive comments regarding construction materials and techniques used:

- Skirting.
- Exterior Walls.
- Roof Surface.
- Gutter and Downspouts.
- Window Type.
- Storm Sash/Insulated.
- Screens.
- Doors.

**Amenities** — The features in this section add utility and comfort to the manufactured home and should be clearly described, as they represent additional costs and may contribute additional value to the property. The market acceptance of these items must be adequately described and the impact on value should be clearly addressed.

A series of check boxes complete this section and may appear in the Sales Comparison Approach that will identify amenities for the subject improvements and include:

- Fireplace(s).
- Patio/Deck.
- Pool.
- Woodstove(s).
- Fence.
- Porch.
- Other.

**Interior (Materials/Condition)** — The description now moves to the interior of the manufactured home with a focus on construction materials, condition and overall construction quality of the home's interior. The appraisal should contain a clear and concise description of each feature associated with:

- Floors.
- Walls.
- Trim/Finish.
- Bathroom Floors and Walls.

**Car Storage** — Car storage should be adequate for the property and should meet the demands of the subject's market area. This section provides check boxes to represent various combinations of the subject's car storage, driveways, garage, and carport detail, if applicable, for the subject.

**IMPORTANT NOTE:** Manufactured homes can include a site-built garage and or carport that can add to the overall value.

**Appliances** — Provides information on the kitchen equipment and appliance items that are “built in” to the property. Range/ovens, dishwashers and disposals are usually considered built-ins; however, refrigerators, microwaves and washer/dryers are often considered items of personal property. The appraiser should comment if the items are considered atypical.

**Finished area above grade contains:** ☐ Rooms ☐ Bedrooms Bath(s) ☐ Square Feet of Gross Living Area Above Grade — These are important fields for both the Cost and Sales Comparison Approach. A cross comparison of these items should be completed when reviewing the appraisal. The following provides some additional clarification for these items:

- *Rooms, Bedrooms, Baths* — The reviewer should compare the room count in conjunction with the attached property sketch and the room counts used in the Sales Comparison Approach. Ideally, the room count for the subject property and comparable sales should be similar.
- *Square Feet of Gross Living Area Above Grade* — One of the key items in this section and should only include the finished areas above-grade 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 Cost Approach and Sales Comparison Approach.

**IMPORTANT NOTE:** Finished area above-grade or GLA does not include garages, carports, rooms or any portion of basements located below the subject’s site grade, even though these features may contribute to the subject’s value.

**IMPORTANT NOTE:** The square footage of living area calculation is typically based on measurement of the exterior walls. Take note of the Square Feet of Gross Living Area, as it will be used in the Cost Approach and Sales Comparison Approach on Page 3 and must be consistent throughout the report.

**Describe any additions or modifications (decks, rooms, remodeling, etc.)** — This requires descriptions of any such items and the reviewer should expect to see these in the Cost and Sales Comparison Approaches. Porches and associated entry decks or areas are usually added to and built on-site rather than at the factory.

**Installer's Name** — This should be available for newer units and often associated with retailer dealer.

**Date Installed** — This is related to the above and would be the date the unit is placed and permanently attached to the site.

**Model Year** — Similar to an automobile model year and is important to the Cost Approach.

**Is the manufactured home attached to a permanent foundation system?** ☐ Yes ☐ No — **If No, describe the foundation system and the manner of attachment** — Ideally, the “Yes” check box is marked and the subject is attached to the site with a HUD-approved foundation system. This also establishes greater permanency as compared to those units that are not.

**Have the towing hitch, wheels, and axles been removed?** ☐ Yes ☐ No — **If No, explain** — This further establishes permanency. Also, most investors will not accept loans secured by manufactured homes if the hitch and tow bars have not been removed.

**Is the manufactured home permanently connected to a septic tank or sewage system and other utilities?** ☐ Yes ☐ No — **If No, explain** — Like previous questions, this also emphasizes the importance of indicators of permanence.

**Does the dwelling have sufficient gross living area and room dimensions to be acceptable to the market?** ☐ Yes ☐ No — **If No, explain** — This will obviously depend on the local market.

**Additional Features (special energy efficient items, non-realty items, etc.)** — Additional amenities, such as special energy-efficient items, and construction and finish material upgrades are addressed here. The reviewer should make note of these especially for manufactured homes that use base model prices that would not reflect additional features that may create additional value.

The appraiser must rate the quality of construction for the subject unit based on objective published cost service criteria. The appraiser must also report the sources used for this quality of construction rating determination.

The Quality rating options are displayed below.

- Poor.
- Fair.
- Average.
- Good.
- Excellent.

**Identify Source of Quality Rating** — This is where the appraiser actually identifies the source of the construction quality rating.

**Describe the condition of the property (including needed repairs, deterioration, renovations, remodeling, etc.)** — Further comments on the condition of the property appear here. If applicable, any repairs, renovations and remodeling should be described and also how the appraiser approached them. Any deterioration that may result in depreciation of the subject should be addressed within these comments and appear within the Sales Comparison Approach; specifically on the Functional Utility and Condition line items.

**Are there any physical deficiencies or adverse conditions that affect the livability, 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 livability, 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 property's value and marketability 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 should also be addressed within the other valuation approaches that follow. The subject property should generally conform to the neighborhood in terms of age, type, design and construction material. Identification and special consideration must be given to properties that represent unique housing for the subject neighborhood.

**IMPORTANT NOTE:** Cost does not always equal value! Construction quality, materials and methods can vary from location to location and site to site. Excess can quickly result in an over-improvement. Over-improvement can be a cause of functional obsolescence and should be valued and adjusted accordingly. Each item should be considered in terms of its market-based contribution to the property's value.

The Cost Approach is provided on the lower portion of Page 2 of the Manufactured Housing Appraisal Report and is the only one-to-four family appraisal report that requires it. This reinforces the importance of the Cost Approach as a value indicator for this unique property type.

|   |           |    |                             |   |  |   |               |         |     |
|---|-----------|----|-----------------------------|---|--|---|---------------|---------|-----|
| Provide adequate information for the lender/client to replicate the below cost figures and calculations.            |           |    |                             |   |  |   |               |         |     |
| Support for the opinion of site value (summary of comparable land sales or other methods for estimating site value) |           |    |                             |   |  |   |               |         |     |
|   |           |    |                             |   |  |   |               |         |     |
| ESTIMATED <input type="checkbox"/> REPRODUCTION OR <input type="checkbox"/> REPLACEMENT COST NEW                    |           |    |                             |   |  |   |               |         |     |
| Source of cost data   |           |    | Effective date of cost data |   |  | Quality rating from cost service        |               |         |     |
| OPINION OF SITE VALUE   |           |    | \$                          |   |  | Exterior Dimensions of the Subject Unit |               |         |     |
| Section One   | Sq. ft. @ | \$ | \$                          |   |  | X                                       | =             | Sq. ft. |     |
| Section Two   | Sq. ft. @ | \$ | \$                          |   |  | X                                       | =             | Sq. ft. |     |
| Section Three   | Sq. ft. @ | \$ | \$                          |   |  | X                                       | =             | Sq. ft. |     |
| Section Four  | Sq. ft. @ | \$ | \$                          |   |  | X                                       | =             | Sq. ft. |     |
|   |           |    | \$                          | Total Gross Living Area:                            |  |   |               | Sq. ft. |     |
|   |           |    | \$                          | Other Data Identification                           |  |   |               |         |     |
|   |           |    | \$                          | N.A.D.A. Data Identification Info: Edition Mo: Yr:  |  |   |               |         |     |
| Sub-total:  |           |    | \$                          | MH State:   |  | Region:                                 | Size:         | ft. x   | ft. |
| Cost Multiplier (if applicable):  |           |    | x                           | Gray pg.  |  | White pg.                               | Black SVS pg. |         |     |
| Modified Sub-total:   |           |    |                             | 15 years and older Conversion Chart pg.             |  | Yellow pg.                              |               |         |     |
| Physical Depreciation or Condition Modifier:  |           |    |                             | Comments  |  |   |               |         |     |
| Functional Obsolescence (not used for N.A.D.A.):  |           |    |                             |   |  |   |               |         |     |
| External Depreciation or State Location Modifier:   |           |    |                             |   |  |   |               |         |     |
| Delivery, Installation, and Setup (not used for N.A.D.A.):  |           |    | \$                          |   |  |   |               |         |     |
| Other Depreciated Site Improvements:  |           |    | \$                          |   |  |   |               |         |     |
| Market Value of Subject Site (as supported above):  |           |    | \$                          |   |  |   |               |         |     |
| Indicated Value by Cost Approach:   |           |    | \$                          | Estimated Remaining Economic Life (HUD and VA only) |  |   | Years         |         |     |
| Summary of Cost Approach  |           |    |                             |   |  |   |               |         |     |



**Provide adequate information for the lender/client to replicate the cost figures and calculations —** The Cost Approach will need to be based on published cost services to enable the credit union/client and reviewer to replicate the cost figures used in the appraisal.

**Support for the Opinion of Site Value (summary of comparable land sales or other methods for estimating site value) —** This represents an estimate of the value of the site as if vacant and is best derived by comparison to sales of other similar parcels of vacant land. A clear explanation should be provided if the value of the site is not typical for the neighborhood, including a discussion of its impact on value and overall marketability.

**IMPORTANT NOTE:** The best approach for supported site value estimates would be a list of addresses, sales prices and dates, site sizes and distances to the subject and some sort of reconciliation statement. If the appraiser used another method to determine land value, such as extraction or allocation, additional explanations should be provided on the blank spaces that are provided.

This Cost Approach section continues with additional identifications, clarifications and actual calculations shown and discussed as follows:

**Estimated ☐ Reproduction or ☐ Replacement Cost New —** These two check boxes will indicate to the reviewer if the estimated costs are based on building an exact replica of the subject (reproduction) or a dwelling of equivalent utility (replacement). Most appraisers will use the replacement cost new rather than the reproduction cost.

**Source of Cost Data —** This would represent the actual source or name of the cost data service used.

**Effective Date of Cost Data —** The period, quarter or date provided would represent the vintage or version of the published cost service data.

**Quality Rating from Cost Service —** This essentially provides the appraiser's assessment of the quality of the subject's improvements and attempts to match to predefined ratings from the cost service.

**Opinion of Site Value** — The opinion or estimated site value is used here and is the start of the Cost Approach calculation.

The series of rows identified as section 1, 2, 3 and 4 are where the appraiser applies the subject's square foot measurements by section, multiplied by the cost per square foot of the unit from the cost service. This yields a dollar cost per section. The section(s) or totals are then used to provide a subtotal.

This subtotal is then multiplied by the cost multiplier, if applicable, which can include both a location and a time adjustment factor. The location factor is based on differences due to regional or local labor and material costs. A time component within the cost multiplier is also included to provide updates because of changes for these costs. The subtotal and cost multiplier yield a modified sub-total.

Physical depreciation or condition modifier is based on the appraiser's opinion of the structure's condition due to unusual use, wear and tear, etc. A condition modifier is based on one of the N.A.D.A. Manufactured Housing Appraisal Guide's five condition categories (excellent, good, average, fair and poor) and provides an additional depreciation factor and alternative to the traditional depreciation approaches of: physical depreciation, functional obsolescence and external depreciation. The N.A.D.A.'s state location modifier provides for cost differences that are specific to an individual state's unique cost of sale, setup, freight, etc., and market trends. These figures are then subtotaled.

Delivery, installation, setup (not used for N.A.D.A.) and other depreciated site improvements are then added to the market value of subject site (as supported above). This equates to the depreciated value of the unit and site or total, and provides the indicated value by Cost Approach.

**Summary of the Cost Approach** — These four blank lines allow space for the appraiser to summarize the cost estimate of value, furnish sources of data and provide appraiser accountability. The reviewer or credit union should be able to replicate the work and come to the same value conclusion as did the appraiser.

**Cost Approach Worksheet/N.A.D.A.** — The right side of the Cost Approach section includes a worksheet to illustrate the exterior dimensions (width x length) for each section of the manufactured home. These figures are then subtotaled and used to calculate the total gross living area. The remainder of the worksheet is designed to use data from the N.A.D.A. Manufactured Housing Appraisal Guide which will ultimately furnish a depreciated cost estimate for the subject. This cost service differs from the traditional Cost Approach methods since depreciation factors are built into the cost estimate inputs for the unit as compared to appraiser estimated depreciation.

Using the most current N.A.D.A. Manufactured Housing Appraisal Guide and information specifically for the manufactured home model, the appraiser is able to determine the depreciated replacement value for structures that have had average maintenance.

The N.A.D.A. data source (edition, mo./yr.) is displayed below the total gross living area. Information specific to the structure follows and includes its location and size. This information and the subject's manufacturer and trade/model are used to look up cost estimate information in a series of tables within the N.A.D.A. Manufactured Housing Appraisal Guide. The cost estimates are then applied and displayed to the appropriate Cost Approach line items on the left side of the appraisal form as described in the above Cost Approach narrative.

The depreciated replacement value of the home, the estimated site value and any contributory site improvements are combined and equal the estimated value of the home attached to the site.

**Comments** — Is a series of lines provided for additional comments.

**Estimated Remaining Economic Life (HUD and VA only) Years** — Is estimated at the bottom, right of the Cost Approach section and is required for government loan programs.

**PAGE 3 — FORM 1004C/70B**

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 presented should follow these general guidelines:

- A minimum of three closed, comparable sales is required. The reviewer may request additional sales or listings if the estimate of value does not appear to be supported.
- Manufactured home sales should be used for comparables whenever possible, rather than stick-built or other construction types. If manufactured home comparables are not used, then an explanation is required, including support for the use of these other property types and details regarding any corresponding adjustments used.
- The comparables' date of sale should have closed within the last 12 months of the appraisal effective date. An appraiser may use older comparable sales as long as an explanation is provided.
- For properties in established subdivisions or PUDs, comparable sales from within the same subdivision or project must be used if the subdivision or project has resale activity.
- In new subdivisions, the appraiser must select one comparable sale from the subject subdivision or project and one comparable sale from outside the subject subdivision or project. The third comparable sale can be from inside or outside of the subject subdivision or project, provided it is a good indicator of value for the subject property.

- Appraisals of rural properties may include sales located a considerable distance from the subject. The appraiser should define their knowledge of market trends and clarify their comparable selection.

Each comparable sale used must be analyzed for any differences and appropriately adjusted on the sales grid on Page 3 of the Manufactured Home Appraisal Report for the following key characteristics:

- Conditions of Sale.
- Time.
- Location.
- 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. Dollar adjustments must reflect the value the real estate market will recognize for the feature and not its 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 1,500-square-foot manufactured home with a one-car attached garage and it sold recently for \$145,000. Comp #2 is a 1,500-square-foot manufactured home with a two-car attached garage and it sold recently for \$148,000. If all other features are similar, we could conclude that the market recognizes a \$3,000 premium for manufactured homes with a two-car versus a one-car garage.

If possible, the reviewer should use the data presented to determine justification for the line adjustments.

The first two lines on the top of Page 3 of Form 1004C/70B are illustrated above and require the appraiser to provide both the number of homes offered for sale (listed) and price ranges, and the number and price ranges of closed sales, for only those properties that are truly comparable to the subject.

| FEATURE                               | SUBJECT  | COMPARABLE SALE # 1                                      |                    |  | COMPARABLE SALE # 2                                      |                    |  | COMPARABLE SALE # 3                                      |                    |  |
|---------------------------------------|--|--|--------------------|--|--|--------------------|--|--|--------------------|--|
| Address                               |  |  |                    |  |  |                    |  |  |                    |  |
| Proximity to Subject                  |  |  |                    |  |  |                    |  |  |                    |  |
| Sale Price                            | \$   | \$   |                    |  | \$   |                    |  | \$   |                    |  |
| Sale Price/Gross Liv. Area            | \$ sq. ft.   | \$ sq. ft.   |                    |  | \$ sq. ft.   |                    |  | \$ sq. ft.   |                    |  |
| Manufactured Home                     | <input type="checkbox"/> Yes <input type="checkbox"/> No | <input type="checkbox"/> Yes <input type="checkbox"/> No |                    |  | <input type="checkbox"/> Yes <input type="checkbox"/> No |                    |  | <input type="checkbox"/> Yes <input type="checkbox"/> No |                    |  |
| 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                  |  |  |                    |  |  |                    |  |  |                    |  |
| Site                                  |  |  |                    |  |  |                    |  |  |                    |  |
| View                                  |  |  |                    |  |  |                    |  |  |                    |  |
| Design (Style)                        |  |  |                    |  |  |                    |  |  |                    |  |
| Quality of Construction               |  |  |                    |  |  |                    |  |  |                    |  |
| Actual Age                            |  |  |                    |  |  |                    |  |  |                    |  |
| Condition                             |  |  |                    |  |  |                    |  |  |                    |  |
| Above Grade                           | Total Bdrms Bathes                                       | Total Bdrms Bathes                                       |                    |  | Total Bdrms Bathes                                       |                    |  | Total Bdrms Bathes                                       |                    |  |
| Room Count                            |  |  |                    |  |  |                    |  |  |                    |  |
| 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)                |  | <input type="checkbox"/> + <input type="checkbox"/> -    | \$                 |  | <input type="checkbox"/> + <input type="checkbox"/> -    | \$                 |  | <input type="checkbox"/> + <input type="checkbox"/> -    | \$                 |  |
| Adjusted Sale Price of Comparables    |  | Net Adj. %   |                    |  | Net Adj. %   |                    |  | Net Adj. %   |                    |  |
|                                       |  | Gross Adj. %   | \$                 |  | Gross Adj. %   | \$                 |  | Gross Adj. %   | \$                 |  |

Careful attention should be given to the following line items:

**Address** — The first line of the sales grid provides the actual physical street addresses for both the subject and comparables.

**Proximity to Subject** — The reference is measured “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 defined neighborhood or in a competing market area, if the comparable is not in close proximity to the subject. As a general rule, an explanation is required for any sale that is considered to be outside of these guidelines.

The use of automated mapping systems can also provide a quick and easy check on the subject to comparable distances reported on the appraisal. However, make sure that you use “as the crow flies” distances, rather than “road” or “drive distances.”

**Sale Price** — The sale price of each comparable property should fall within the value range indicated in the neighborhood analysis.

**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.

**Manufactured Home** — This is intended to identify if the comparables are or are not manufactured homes and require the appraiser to select a ☐ **Yes** ☐ **No** check box for each comparable used.

**Data/Verification Sources** — 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.

**Value Adjustments** — This section contains the descriptive features that allow the plus and minus 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, loan discount points, unique closing costs, below market financing, seller-carried second loans, etc. The appraiser must consider the impact a sales concession had on the transaction. The adjustments must reflect the difference between what the comparables actually sold for with the sales concessions and what they would have sold for without the concessions, so that the dollar amount of the adjustments approximates the reaction of the market to the concessions.

**Date of Sale/Time** — For each comparables sale, the appraiser should provide the date of the sales contract and the settlement or closing. Only the month and year need to be reported. 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.

If the market is described as active, it should not be stated that comparables are difficult to find without sufficient explanation. Similarly, if the comparable sales are all over 6 months old, an explanation should be included addressing the need for using older sales. The sales must be verified and the appraisal should indicate whether the sale date, the contract date or the closing date was used.

**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. Across the board adjustments (ATBs) can be indicative of a poor comparable and a red flag.

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 Page 1, 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 neighborhood, no adjustment may be necessary. Any adjustment should be explained and related to the property description data (neighborhood, site, etc.) on Page 1.

**Leasehold/ Fee Simple** — This should correspond with the descriptive data on Page 1. The reviewer should expect the comparable sales to have similar ownership or an explanation of the market's reaction if they differ.



**Site** — If the subject site is typical for the neighborhood, an adjustment may not be necessary. Corner sites, size differences, inferior or superior site orientations (water frontage, golf course, etc.) should be appropriately adjusted and explained.

**View** — The view from a property may have a significant influence on its value. Sites 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.

**IMPORTANT NOTE:** Appraisers may differ on their approach to location, site and view attributes. For instance, one appraiser may categorize all three of these features into a single location adjustment for a waterfront property. Another appraiser may consider part of the value attributed to location, and part attributed to site and/or view. Adjustments could be made in all three categories and the reviewer must be comfortable with the total net adjustment and be certain the appraiser has not double counted for the same feature. The appraiser must also be consistent with the descriptive items reported on Page 1, and the reviewer should understand the basis for all applied adjustments.

**Design (Style)** — The adjustments in this section should be analyzed very carefully. Design or style adjustments are derived from the market but are often difficult to verify as neighborhoods typically contain homes of similar design and style and the rarity of a market-recognized variation makes extraction by a “paired sales analysis” more difficult.

If there is an adjustment for a design or style feature, the reviewer should check for any unusual comments about the subject in the improvements section and expect a full explanation for adjustments to the comparable sales. Comparable sales of similar design and style 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 manufactured homes, of similar quality, from the same neighborhood. Look at the “exterior and interior materials/condition” information in the improvements section on Page 2 for features that would not be typical of the market area.

**Actual Age** — Page 2, general description section—should state both the actual (year built) and effective age of the subject property. Differences can be due to the level of property maintenance, and/or updating made to keep pace with current market trends. The actual age of the subject on page 2 should match the actual age in the Sales Comparison Approach. 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.

**Above-Grade Room Count/Gross Living Area** — Check for consistency with the descriptions on Page 2. Only finished above-grade areas are used in calculating the gross living area (GLA), though basements and 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.

**IMPORTANT NOTE:** Adjustments made for size should be consistent throughout. For instance, if the adjustment is \$20/square foot for size differential on one comparable sale, it should be \$20/square foot on all of the comparable sales.

**Basement and Finished Rooms Below Grade** — In some areas, finished basements are typical 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. Any valued features should be explained, and the reviewer should compare the appraiser's adjustment for this item with the estimated cost figure used in the Cost Approach.

**Functional Utility** — Adjustments on this line should be reflective of any functional inadequacies mentioned in the improvements section and adjustments should be consistent with the functional depreciation estimate shown in the Cost Approach. The adjustment is for the market's reaction to the functional loss and it must be supported and clearly explained by the appraiser.

- Heating/Cooling.
- Energy-Efficient Items.
- Garage/Carport.
- Porch/Patio/Deck.
- Other optional items such as Fireplace(s), Fence, Pool, etc., may be entered on the remaining three blank lines below Porch/Patio/Deck.

**IMPORTANT NOTE:** The adjustment for any of the above features should reflect the market reaction in the 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 Comparables** — Adjustments are totaled and the net is either added to or subtracted from the actual sale price of each comparable. The range of adjusted sale price 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. Both the net and gross adjustment percentages are displayed next to the adjusted sale price of comparables.

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. This information can be useful to help support values and alert the reviewer to any possible property flip activity. Contained within this section are several check box-type questions that may require additional narrative or explanation depending on how the initial questions are responded to.

|             |  |
|-------------|--|
| A<br>C<br>H | <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 this (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 straight forward and requires the appraiser to research and provide any sale and/or transfer of the subject property that has 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 sale 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 comparables sales, is to determine if 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 requires the appraiser to specifically list and describe the source of the sale history data for the comparables in enough detail to direct the reviewer to the source.

The next subsection 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.

Property flips typically occur when there has been a series of ownership changes in a short period of time, in some cases, they occur on the same day with increasing sale prices. Often poor quality and even fraudulent appraisals are used to support these increases in value. In some cases, the increases in value may be explained as a result of upgrades and major renovation that may or may not actually exist. If the flip is successful, today’s flipped property may become tomorrow’s comparable, and cause losses for the credit union, insurer and the communities and residents in these neighborhoods.

The following are events and/or activities that may be indicative of a property flip:

- Rapid increase in property value, such as doubling, etc.
- Change in ownership two or more times in a brief period.
- Simultaneous closings.
- The seller has owned the property for a short period.
- Seller is not on title.
- Double escrow on Closing Disclosure.
- Affiliated parties on current or past sales.

**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 4).**

| 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 4). |         |                     |                     |                     |
|---|---------|---------------------|---------------------|---------------------|
| 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   |         |                     |                     |                     |
|   |         |                     |                     |                     |
|   |         |                     |                     |                     |
|   |         |                     |                     |                     |
| Summary of Sales Comparison Approach  |         |                     |                     |                     |
|   |         |                     |                     |                     |
|   |         |                     |                     |                     |
|   |         |                     |                     |                     |
|   |         |                     |                     |                     |
| Indicated Value by Sales Comparison Approach \$   |         |                     |                     |                     |

The information within this table represents the subject and all comparables' sale history features 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 feature 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. Comments should clarify how these sales affect or relate to the current indicated subject's market value.

**IMPORTANT NOTE:** The information provided here relates to previous sales of the subject and the comparable sale properties, not to the subject's current sale transaction or the comparable sale transactions reported and analyzed in the Sales Comparison Approach.

**Summary of Sales Comparison Approach** — This provides almost eight blank lines to allow the appraiser to summarize in a narrative format the Sales Comparison Approach and ultimate value.

The last item within the Sales Comparison Approach is the estimated value of the subject, which follows:

**Indicated Value by Sales Comparison Approach \$** — The dollar value estimate derived from this approach should be within the range of indicated values shown by the final adjusted sale prices of the comparable sales. The value should be reasonable and further justified with detailed comments and explanations so the reviewer will have a full understanding of the subject's market and how the final indicated value estimate was determined.

The Reconciliation section is the last section on Page 3 of the Manufactured Home 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 and Cost Approach and optional Income Approach to value. The appraiser then fills in the opinion(s) of value for each approach used, then discusses and provides comments for the rationale for which approach was given the most weight. The report’s reviewer 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 neighborhood, site, improvements 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.

For manufactured homes, in most cases, the reconciled value will consist of the combined Sales and Cost Approaches.

|   |                     |                              |                  |                                   |
|---|---------------------|------------------------------|------------------|-----------------------------------|
| R<br>E<br>C<br>O<br>N<br>C<br>I<br>L<br>I<br>A<br>T<br>I<br>O<br>N  | Indicated Value by: | Sales Comparison Approach \$ | Cost 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.   |                     |                              |                  |                                   |

The next four check boxes reflect the appraised value and how it relates to either the subject’s current condition of the subject or some yet-to-occur event ranging from new construction to repairs.

If the property is in average or better condition and the appraisal states that no repairs are indicated, then the estimate of value should typically be made “☐ as is.”

If the home 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 or alterations is indicated in the improvements section, then these items should be listed with a corresponding dollar value and made part of the appraisal. 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 check box: “☐ **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 the extraordinary assumption that a condition or deficiency involving a required inspection does not require alteration or repair.

**IMPORTANT NOTE:** An appraisal subject to an extraordinary assumption, directly relates to the specific assignment. If the assumption is found to be false, this could alter the appraiser’s opinions or conclusions and ultimate value.

The last subsection within the reconciliation section provides the subject’s opinion of market value.

Additionally, the effective date of the opinion of market value has a blank space to enter the date at the bottom of Page 3 of the Manufactured Home Appraisal Report. This is also the same date as the inspection. Similar date entries or spaces are also required on Page 7 of Form 70B/1004C.



**PAGE 4 — FORM 1004C/70B**

This section is used to provide any additional information or overflow comments that do not fit within the spaces provided on the prior pages of Form 1004C/70B. The appraiser may use this space for any additional research, expanded scope of work and/or sketches.

The Income Approach to value 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 manufactured housing neighborhoods with a substantial number of rental units. Due to a lack of suitable information in many neighborhoods, this approach to value is often not provided by the appraiser.

For this reason, the Income Approach is rarely used for manufactured housing appraisals and is generally considered optional. It is typically used in areas where properties are bought and sold for their income-producing potential. If the approach is not completed, the appraisal should be marked “N/A” or “not applicable.”

| I<br>N<br>C<br>O<br>M<br>E | 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) |                         |      |                                    |
|                            |  |                         |      |                                    |

**Estimated Monthly Market Rent \$** — The subject’s economic rent (the estimated rent 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. For example:

|              | SALE #1   | SALE #2   | SALE #3   |
|--------------|-----------|-----------|-----------|
| Sale Price   | \$210,000 | \$215,000 | \$195,000 |
| Monthly Rent | \$1,200   | \$1,250   | \$1,100   |
| GRM          | 175       | 172       | 177       |

The appraiser then chooses the multiplier indicated by the sales most comparable to the subject. The GRM is then multiplied by the subject's economic rent to develop the indication of value.

Continuing with the previous example:

If rental comparable #1 is the most similar, a GRM of 175 is a reasonable selection. If the economic monthly rent for the subject, as determined by market comparison, is \$1,150, then:

GRM of 175 x \$1150 monthly economic rent = \$201,250

Indicated Value by Income Approach (If Applicable) – Estimated Market Rent  
 \$ \_\_\_\_\_/Mo. x Gross Rent Multiplier \_\_\_\_\_ = \$ \_\_\_\_\_

Indicated Value by Income Approach = \$201,250

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 homes and lower levels of property maintenance. Historically, this increases the risk of loans with higher loan-to-values (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. Simply inserting an indication of value without an adequate summary would result in a violation of USPAP Standards Rule.

This is the last section on Page 4 of the Manufactured Home Appraisal Report and would only be used if the subject property is located in a Planned Unit Development (PUD) and has the following characteristics:

- Individual property membership in the homeowner association must be required and dollar assessments are mandatory and non-severable.
- Has common property ownership.
- Not in a condominium development.
- Property zoning is not the basis for classification of a project as a PUD.

From a developer's perspective, PUD projects may allow for easier, cheaper and faster government approval processes compared to individual manufactured housing units within a traditional subdivision. PUDs also provide owners with fee simple ownership of lots and common ownership of costly items like roads and possibly recreation features that for most owners may be cost prohibitive.

This section provides descriptive information for the PUD, which is generally obtained from the developer or homeowner' association, and is as follows:

**Is the developer/builder in control of the Homeowners' Association (HOA)?** ☐ Yes ☐ No **Unit Type(s)**  
☐ Detached ☐ Attached — This provides the reviewer with a market appeal gauge, as a newly built project that has rapidly sold out would represent good/strong market acceptance of the project. However, developer control of the HOA, especially for an older project, may not be as favorable. Additionally, check boxes that follow indicate detached or attached units.

The next series of information and descriptions would only be required if the developer/builder is still in control of the HOA. Technically, the developer will generally be in control until a certain percentage of units or sites are sold (typically 50% or as indicated in the project documents or HOA).

**Provide the following information for PUDs ONLY if the developer/builder is in control of the HOA and the subject property is an attached dwelling unit —**

- Legal name of project.
- Total number of phases.
- Total number of units.
- Total number of units sold.
- Total number of units rented.
- Total number of units for sale.
- Data source(s).

The above items identify the project and provide an indication of project size, market acceptance, use and data sources. Some of the sales numbers may also be helpful in analyzing comparable selection in and out of the subject PUD project.

**Was the project created by the conversion of existing building(s) into a PUD?** ☐ Yes ☐ No **If Yes, date of conversion** — This question provides conversion history and if so, date information.

**Does the project contain any multi-dwelling units?** ☐ Yes ☐ No **Data Source(s)** — This provides information on any sort of mix of attached and detached manufactured housing, which would be unusual.

**Are the units, common elements, and recreational facilities complete?** ☐ Yes ☐ No **If No, describe the status of completion** — This is especially important for larger PUD projects that may have extensive common areas and recreational facilities that contribute significant value to individual units, which if not completed, would have a negative impact on unit values and project marketability, etc.

**Are the common elements leased to or by the HOA?** ☐ Yes ☐ No **If Yes, describe the rental terms and options** — Again, this is more common in larger PUDs, as it may impact the value of the properties in a PUD. If a lease is in effect for common areas or amenities, it is important that it is analyzed, especially the term and the potential for lease increases during the term and/or after the lease expiration date. The later situation may allow for large increases in lease amounts for the unit owners. For these reasons, it is important that appraisers research this completely.

**Describe the common elements and recreational facilities** — This item should provide a list of the project's common and recreational facilities. This may include golf courses, swimming pools, gyms, parks, roads and trails, etc. Any of these items that are subject to lease should be noted.

| PROJECT INFORMATION FOR PUDs (if applicable)   |  |                            |
|--|--|----------------------------|
| P<br>U<br>D<br><br>I<br>N<br>F<br>O<br>R<br>M<br>A<br>T<br>I<br>O<br>N   | Is the developer/builder in control of the Homeowners' Association (HOA)? <input type="checkbox"/> Yes <input type="checkbox"/> No                                     |                            |
|  | Unit type(s) <input type="checkbox"/> Detached <input type="checkbox"/> Attached   |                            |
|  | Provide the following information for PUDs ONLY if the developer/builder is in control of the HOA and the subject property is an attached dwelling unit.               |                            |
|  | Legal name of project  |                            |
|  | Total number of phases   | Total number of units      |
|  | Total number of units rented   | Total number of units sold |
|  | Total number of units for sale   | Data source(s)             |
|  | Was the project created by the conversion of existing building(s) into a PUD? <input type="checkbox"/> Yes <input type="checkbox"/> No If Yes, date of conversion      |                            |
|  | Does the project contain any multi-dwelling units? <input type="checkbox"/> Yes <input type="checkbox"/> No Data source(s)   |                            |
|  | Are the units, common elements, and recreation facilities complete? <input type="checkbox"/> Yes <input type="checkbox"/> No If No, describe the status of completion. |                            |
| Are the common elements leased to or by the Homeowners' Association? <input type="checkbox"/> Yes <input type="checkbox"/> No If Yes, describe the rental terms and options. |  |                            |
| Describe common elements and recreational facilities.  |  |                            |

Pages 5, 6 and 7 of the Manufactured Home Appraisal Report (Form 1004C/70B) include a variety of instructions, definitions, assumptions and limiting conditions, appraiser's certifications and finally, the signature sections.

For most manufactured home appraisal assignments, this will limit additional addendums and provide for somewhat more standardized reports. Also indicated on these pages are some of the penalties, 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 7, left side 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 appraisal.
- State Certification or State License number.
- Expiration date of Certification or License.
- The address of property appraised.
- Lender/client name, company name and address, and email address.

The appraiser's location, subject property and lender/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 for the street
- ☐ Did inspect exterior of comparable from street and date

Supporting documentation is required for manually underwritten mortgages and should be attached to, or included within the various appraisal sections of the report. Appraisal exhibits are considered to be part of the appraisal and should include the following:

**Floor Plan or Sketch** — This is typically a reproduction of the footprint of the subject improvements with exterior dimensions and living area calculations. The sketch should indicate and support how the Gross Living Area (GLA) calculation was determined.

**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. Typically, the appraiser will include photos of the HUD Data Plate.

**Comparable Photographs** — A front view of all comparables are required and should be identified by their property address. The photos should support the description of the comparables as represented on the Sales Comparison grid.

**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. A plat map of the subject's site may be included and is required when adverse conditions are noted.

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



## CHAPTER TWO

### FORM EXHIBIT

- Manufactured Home Appraisal Report (Fannie Mae Form 1004C/Freddie Mac Form 70B)

| Manufactured Home 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   |  |  | City  |  |  | State  |  | Zip Code  |  |                |
| Borrower   |  |  | Owner of Public Record  |  |  | County   |  |   |  |                |
| Legal Description  |  |  |   |  |  |  |  |   |  |                |
| Assessor's Parcel #  |  |  | Tax Year  |  |  | R.E. Taxes \$  |  |   |  |                |
| Neighborhood Name  |  |  | Map Reference   |  |  | Census Tract   |  |   |  |                |
| Occupant <input type="checkbox"/> Owner <input type="checkbox"/> Tenant <input type="checkbox"/> Vacant  |  |  | Project Type (if applicable) <input type="checkbox"/> PUD <input type="checkbox"/> Condominium <input type="checkbox"/> Cooperative <input type="checkbox"/> Other (describe) |  |  |  |  |   |  |                |
| 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).  |  |  |   |  |  |  |  |   |  |                |
| Manufactured homes located in either a condominium or cooperative project require the appraiser to inspect the project and complete the Project Information section of the Individual Condominium Unit Appraisal Report or the Individual Cooperative Interest Appraisal Report and attach it as an addendum to this report. |  |  |   |  |  |  |  |   |  |                |
| I <input type="checkbox"/> did <input type="checkbox"/> did not analyze the contract for sale for the subject purchase transaction. Explain the results of the analysis of the contract for sale or why the analysis was not performed.  |  |  |   |  |  |  |  |   |  |                |
| Contract Price \$ Date of Contract Is the property seller the owner of public record? <input type="checkbox"/> Yes <input type="checkbox"/> No Data Source(s)  |  |  |   |  |  |  |  |   |  |                |
| Is there any financial assistance (loan charges, sale concessions, gift or downpayment assistance, etc.) to be paid by any party on behalf of the borrower? <input type="checkbox"/> Yes <input type="checkbox"/> No   |  |  |   |  |  |  |  |   |  |                |
| If Yes, report the total dollar amount and describe the items to be paid.  |  |  |   |  |  |  |  |   |  |                |
| I <input type="checkbox"/> did <input type="checkbox"/> did not analyze the manufacturer's invoice. Explain the results of the analysis of the manufacturer's invoice or why the analysis was not performed.   |  |  |   |  |  |  |  |   |  |                |
| Retailer's Name (New Construction)   |  |  |   |  |  |  |  |   |  |                |
| Note: Race and the racial composition of the neighborhood are not appraisal factors.   |  |  |   |  |  |  |  |   |  |                |
| Neighborhood Characteristics   |  |  | Manufactured Housing Trends   |  |  | Manufactured 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  |  | 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  |  | High  |  | Multi-Family % |
| Neighborhood Boundaries  |  |  |   |  |  | Pred.  |  | Other   |  | %              |
| Neighborhood Description   |  |  |   |  |  |  |  |   |  |                |
| Market Conditions (including support for the above conclusions)  |  |  |   |  |  |  |  |   |  |                |
| Dimensions Area Shape View   |  |  |   |  |  |  |  |   |  |                |
| Specific Zoning Classification   |  |  | Zoning Description  |  |  |  |  |   |  |                |
| Zoning Compliance <input type="checkbox"/> Legal <input type="checkbox"/> Legal Nonconforming (Grandfathered Use) <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  |  |  |   |  |  |  |  |   |  |                |
| Is the site size, shape and topography generally conforming to and acceptable in the market area? <input type="checkbox"/> Yes <input type="checkbox"/> No If No, explain  |  |  |   |  |  |  |  |   |  |                |
| Is there adequate vehicular access to the subject property? <input type="checkbox"/> Yes <input type="checkbox"/> No If No, describe   |  |  |   |  |  |  |  |   |  |                |
| Is the street properly maintained? <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 HUD Data Plate/Compliance Certificate is located on the interior of the subject and contains, among other things, the manufacturer's name, trade/model name, year manufactured and serial number. The HUD Certification Label is located on the exterior of each section of the home.                                    |  |  |   |  |  |  |  |   |  |                |
| Is the HUD Data Plate/Compliance Certificate attached to the dwelling? <input type="checkbox"/> Yes <input type="checkbox"/> No If Yes, identify the location. If No, provide the data source(s) for the HUD Data Plate/Compliance information.  |  |  |   |  |  |  |  |   |  |                |
| Is a HUD Certification Label attached to the exterior of each section of the dwelling? <input type="checkbox"/> Yes <input type="checkbox"/> No If No, provide the data source(s) for the HUD Certification Label #s   |  |  |   |  |  |  |  |   |  |                |
| Manufacturer's Serial #(s)/VIN #(s)  |  |  |   |  |  |  |  |   |  |                |
| HUD Certification Label #(s)   |  |  |   |  |  |  |  |   |  |                |
| Manufacturer's Name  |  |  | Trade/Model   |  |  | Date of Manufacture  |  |   |  |                |
| Do the Wind, Roof Load, and Thermal Zones meet the minimum HUD requirements for the location of the subject property? <input type="checkbox"/> Yes <input type="checkbox"/> No If No, explain  |  |  |   |  |  |  |  |   |  |                |

■ **Manufactured Home Appraisal Report** (Fannie Mae Form 1004C/Freddie Mac Form 70B) [page 2]

| Manufactured Home Appraisal Report   |  |  |   |  |  |  |  |                            |  | File #  |                            |
|--|--|--|---|--|--|--|--|----------------------------|--|---|----------------------------|
| <b>General Description</b>   |  |  | <b>Foundation</b>   |  |  | <b>Exterior Description</b>  |  | <b>materials/condition</b> |  | <b>Interior</b>   | <b>materials/condition</b> |
| # of Units <input type="checkbox"/> One <input type="checkbox"/> Additions   |  |  | <input type="checkbox"/> Poured Concrete <input type="checkbox"/> Concrete Runners                  |  |  | Siding   |  |                            |  | Floors  |                            |
| # of Stories <input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> Other  |  |  | <input type="checkbox"/> Block & Pier <input type="checkbox"/> Other-att. description               |  |  | Exterior Walls   |  |                            |  | Walls   |                            |
| Design (Style)   |  |  | <input type="checkbox"/> Full Basement <input type="checkbox"/> Partial Basement                    |  |  | Roof Surface   |  |                            |  | Trim/Finish   |                            |
| # of Sections <input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3   |  |  | Basement Area sq. ft.   |  |  | Gutters & Downspouts   |  |                            |  | Bath Floor  |                            |
| <input type="checkbox"/> Other   |  |  | Basement Finish   |  |  | Window Type  |  |                            |  | Bath Wainscot   |                            |
| Type <input type="checkbox"/> Det. <input type="checkbox"/> Alt. <input type="checkbox"/> S-Det./End Unit  |  |  | <input type="checkbox"/> Outside Entry/Exit <input type="checkbox"/> Sump Pump                      |  |  | Storm Sash/Insulated   |  |                            |  | Car Storage <input type="checkbox"/> None                           |                            |
| <input type="checkbox"/> Existing <input type="checkbox"/> Proposed <input type="checkbox"/> Under Const.  |  |  | Evidence of <input type="checkbox"/> Infestation  |  |  | Screens  |  |                            |  | <input type="checkbox"/> Driveway # of Cars                         |                            |
| Year Built   |  |  | Effective Age (Yrs)   |  |  | Doors  |  |                            |  | Driveway Surface  |                            |
| Attic <input type="checkbox"/> None  |  |  | Heating <input type="checkbox"/> FWA <input type="checkbox"/> HWBB <input type="checkbox"/> Radiant |  |  | Amenities <input type="checkbox"/> WoodStove(s) #                      |  |                            |  | <input type="checkbox"/> Garage # of Cars                           |                            |
| <input type="checkbox"/> Drop Stair <input type="checkbox"/> Stairs  |  |  | <input type="checkbox"/> Other <input type="checkbox"/> Fuel  |  |  | <input type="checkbox"/> Fireplace(s) # <input type="checkbox"/> Fence |  |                            |  | <input type="checkbox"/> Carport # of Cars                          |                            |
| <input type="checkbox"/> Floor <input type="checkbox"/> Scuttle  |  |  | Cooling <input type="checkbox"/> Central Air Conditioning   |  |  | <input type="checkbox"/> Patio/Deck <input type="checkbox"/> Porch     |  |                            |  | <input type="checkbox"/> Attached <input type="checkbox"/> Detached |                            |
| <input type="checkbox"/> Finished <input type="checkbox"/> Heated  |  |  | <input type="checkbox"/> Individual <input type="checkbox"/> Other                                  |  |  | <input type="checkbox"/> Pool <input type="checkbox"/> Other           |  |                            |  | <input type="checkbox"/> Built-in                                   |                            |
| Appliances <input type="checkbox"/> Refrigerator <input type="checkbox"/> Range/Oven <input type="checkbox"/> Dishwasher <input type="checkbox"/> Disposal <input type="checkbox"/> Microwave <input type="checkbox"/> Washer/Dryer <input type="checkbox"/> Other (describe)  |  |  |   |  |  |  |  |                            |  |   |                            |
| Finished area above grade contains: Rooms Bedrooms Bath(s) Square Feet of Gross Living Area Above Grade  |  |  |   |  |  |  |  |                            |  |   |                            |
| Describe any additions or modifications (decks, rooms, remodeling, etc.)   |  |  |   |  |  |  |  |                            |  |   |                            |
|  |  |  |   |  |  |  |  |                            |  |   |                            |
| Installer's Name Date Installed Model Year   |  |  |   |  |  |  |  |                            |  |   |                            |
| Is the manufactured home attached to a permanent foundation system? <input type="checkbox"/> Yes <input type="checkbox"/> No If No, describe the foundation system and the manner of attachment.   |  |  |   |  |  |  |  |                            |  |   |                            |
|  |  |  |   |  |  |  |  |                            |  |   |                            |
| Have the towing hitch, wheels, and axles been removed? <input type="checkbox"/> Yes <input type="checkbox"/> No If No, explain   |  |  |   |  |  |  |  |                            |  |   |                            |
|  |  |  |   |  |  |  |  |                            |  |   |                            |
| Is the manufactured home permanently connected to a septic tank or sewage system and other utilities? <input type="checkbox"/> Yes <input type="checkbox"/> No If No, explain  |  |  |   |  |  |  |  |                            |  |   |                            |
|  |  |  |   |  |  |  |  |                            |  |   |                            |
| Does the dwelling have sufficient gross living area and room dimensions to be acceptable to the market? <input type="checkbox"/> Yes <input type="checkbox"/> No If No, explain  |  |  |   |  |  |  |  |                            |  |   |                            |
|  |  |  |   |  |  |  |  |                            |  |   |                            |
| Additional features (special energy efficient items, non-realty items, etc.)   |  |  |   |  |  |  |  |                            |  |   |                            |
|  |  |  |   |  |  |  |  |                            |  |   |                            |
| The appraiser must rate the quality of construction for the subject unit based on objective criteria (such as N.A.D.A. Manufactured Housing Appraisal Guide®, Marshall & Swift Residential Cost Handbook®, or other published cost service). The appraiser must also report the source used for this quality of construction rating determination. |  |  |   |  |  |  |  |                            |  |   |                            |
| Quality <input type="checkbox"/> Poor <input type="checkbox"/> Fair <input type="checkbox"/> Average <input type="checkbox"/> Good <input type="checkbox"/> Excellent Identify source of quality rating  |  |  |   |  |  |  |  |                            |  |   |                            |
| 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  |  |  |   |  |  |  |  |                            |  |   |                            |
|  |  |  |   |  |  |  |  |                            |  |   |                            |
| Provide adequate information for the lender/client to replicate the below cost figures and calculations.   |  |  |   |  |  |  |  |                            |  |   |                            |
| Support for the opinion of site value (summary of comparable land sales or other methods for estimating site value)  |  |  |   |  |  |  |  |                            |  |   |                            |
|  |  |  |   |  |  |  |  |                            |  |   |                            |
| ESTIMATED <input type="checkbox"/> REPRODUCTION OR <input type="checkbox"/> REPLACEMENT COST NEW   |  |  |   |  |  |  |  |                            |  |   |                            |
| Source of cost data Effective date of cost data Quality rating from cost service   |  |  |   |  |  |  |  |                            |  |   |                            |
| OPINION OF SITE VALUE \$ Exterior Dimensions of the Subject Unit   |  |  |   |  |  |  |  |                            |  |   |                            |
| Section One Sq. ft. @ \$ \$ X " Sq. ft.  |  |  |   |  |  |  |  |                            |  |   |                            |
| Section Two Sq. ft. @ \$ \$ X " Sq. ft.  |  |  |   |  |  |  |  |                            |  |   |                            |
| Section Three Sq. ft. @ \$ \$ X " Sq. ft.  |  |  |   |  |  |  |  |                            |  |   |                            |
| Section Four Sq. ft. @ \$ \$ X " Sq. ft.   |  |  |   |  |  |  |  |                            |  |   |                            |
| Total Gross Living Area: Sq. ft.   |  |  |   |  |  |  |  |                            |  |   |                            |
| Other Data Identification  |  |  |   |  |  |  |  |                            |  |   |                            |
| N.A.D.A. Data Identification Info: Edition Mo: Yr:   |  |  |   |  |  |  |  |                            |  |   |                            |
| MH State: Region: Size: ft. x ft.  |  |  |   |  |  |  |  |                            |  |   |                            |
| Gray pg. White pg. Black SVS pg.   |  |  |   |  |  |  |  |                            |  |   |                            |
| 15 years and older Conversion Chart pg. Yellow pg.   |  |  |   |  |  |  |  |                            |  |   |                            |
| Comments   |  |  |   |  |  |  |  |                            |  |   |                            |
| Physical Depreciation or Condition Modifier  |  |  |   |  |  |  |  |                            |  |   |                            |
| Functional Obsolescence (not used for N.A.D.A.):   |  |  |   |  |  |  |  |                            |  |   |                            |
| External Depreciation or State Location Modifier   |  |  |   |  |  |  |  |                            |  |   |                            |
| Delivery, Installation, and Setup (not used for N.A.D.A.): \$  |  |  |   |  |  |  |  |                            |  |   |                            |
| Other Depreciated Site Improvements: \$  |  |  |   |  |  |  |  |                            |  |   |                            |
| Market Value of Subject Site (as supported above): \$  |  |  |   |  |  |  |  |                            |  |   |                            |
| Indicated Value by Cost Approach: \$ Estimated Remaining Economic Life (HUD and VA only) Years   |  |  |   |  |  |  |  |                            |  |   |                            |
| Summary of Cost Approach   |  |  |   |  |  |  |  |                            |  |   |                            |
|  |  |  |   |  |  |  |  |                            |  |   |                            |
|  |  |  |   |  |  |  |  |                            |  |   |                            |

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Fannie Mae Form 1004C March 2005

▪ **Manufactured Home Appraisal Report** (Fannie Mae Form 1004C/Freddie Mac Form 70B) [page 3]

| Manufactured Home 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  |             |                     |   |   |                     |             |   |                     |               |             |   |   |               |
| Proximity to Subject   |             |                     |   |   |                     |             |   |                     |               |             |   |   |               |
| Sale Price \$  |             |                     |   |   |                     |             |   |                     |               |             |   |   |               |
| Sale Price/Gross Liv. Area \$ sq. ft.  |             |                     |   |   |                     |             |   |                     |               |             |   |   |               |
| Manufactured Home <input type="checkbox"/> Yes <input type="checkbox"/> No   |             |                     |   |   |                     |             |   |                     |               |             |   |   |               |
| 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   |             |                     |   |   |                     |             |   |                     |               |             |   |   |               |
| Site   |             |                     |   |   |                     |             |   |                     |               |             |   |   |               |
| View   |             |                     |   |   |                     |             |   |                     |               |             |   |   |               |
| Design (Style)   |             |                     |   |   |                     |             |   |                     |               |             |   |   |               |
| Quality of Construction  |             |                     |   |   |                     |             |   |                     |               |             |   |   |               |
| Actual Age   |             |                     |   |   |                     |             |   |                     |               |             |   |   |               |
| Condition  |             |                     |   |   |                     |             |   |                     |               |             |   |   |               |
| Above Grade  |             |                     |   |   |                     |             |   |                     |               |             |   |   |               |
| Room Count   |             |                     |   |   |                     |             |   |                     |               |             |   |   |               |
| Gross Living Area  |             |                     |   |   |                     |             |   |                     |               |             |   |   |               |
| 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. %   |             |                     |   |   |                     |             |   |                     |               |             |   |   |               |
| I did not research the sale or transfer history of the subject property and comparable sales. If not, explain  |             |                     |   |   |                     |             |   |                     |               |             |   |   |               |
| My research 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 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 4).  |             |                     |   |   |                     |             |   |                     |               |             |   |   |               |
| 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  |             |                     |   |   |                     |             |   |                     |               |             |   |   |               |
| Summary of Sales Comparison Approach   |             |                     |   |   |                     |             |   |                     |               |             |   |   |               |
| Indicated Value by Sales Comparison Approach \$  |             |                     |   |   |                     |             |   |                     |               |             |   |   |               |
| Indicated Value by: Sales Comparison Approach \$   |             |                     |   |   |                     |             |   |                     |               |             |   |   |               |
| Cost 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.  |             |                     |   |   |                     |             |   |                     |               |             |   |   |               |

- **Manufactured Home Appraisal Report** (Fannie Mae Form 1004C/Freddie Mac Form 70B) [page 4]

| Manufactured Home Appraisal Report  |  | File #   |                            |
|---|--|--|----------------------------|
| ADDITIONAL<br>COMMENTS  |  |  |                            |
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|   | <b>INCOME APPROACH TO VALUE (not required by Fannie Mae.)</b>          |  |                            |
|   | I<br>N<br>C<br>O<br>M<br>E   | Estimated Monthly Market Rent \$      X Gross Rent Multiplier      =      \$      Indicated Value by Income Approach<br>Summary of Income Approach (including support for market rent and GRM)                         |                            |
|   | <b>PROJECT INFORMATION FOR PUDs (if applicable)</b>                    |  |                            |
|   | P<br>U<br>D<br><br>I<br>N<br>F<br>O<br>R<br>M<br>A<br>T<br>I<br>O<br>N | Is the developer/builder in control of the Homeowners' Association (HOA)? <input type="checkbox"/> Yes <input type="checkbox"/> No    Unit type(s) <input type="checkbox"/> Detached <input type="checkbox"/> Attached |                            |
|   |  | Provide the following information for PUDs ONLY if the developer/builder is in control of the HOA and the subject property is an attached dwelling unit.   |                            |
| Legal name of project   |  |  |                            |
| Total number of phases  |  | Total number of units  | Total number of units sold |
| Total number of units rented  |  | Total number of units for sale   | Data source(s)             |
| Was the project created by the conversion of existing building(s) into a PUD? <input type="checkbox"/> Yes <input type="checkbox"/> No    If Yes, date of conversion                                      |  |  |                            |
| Does the project contain any multi-dwelling units? <input type="checkbox"/> Yes <input type="checkbox"/> No    Data source(s)   |  |  |                            |
| Are the units, common elements, and recreation facilities complete? <input type="checkbox"/> Yes <input type="checkbox"/> No    If No, describe the status of completion.                                 |  |  |                            |
| Are the common elements leased to or by the Homeowners' Association? <input type="checkbox"/> Yes <input type="checkbox"/> No    If Yes, describe the rental terms and options.                           |  |  |                            |
| Describe common elements and recreational facilities.   |  |  |                            |
| <div style="display: flex; justify-content: space-between; font-size: small;"> <span>Freddie Mac Form 70B March 2005</span> <span>Page 4 of 7</span> <span>Fannie Mae Form 1004C March 2005</span> </div> |  |  |                            |

▪ **Manufactured Home Appraisal Report (Fannie Mae Form 1004C/Freddie Mac Form 70B)** [page 5]

| <div style="display: inline-block; width: 60%;">Manufactured Home Appraisal Report</div> <div style="display: inline-block; width: 40%; text-align: right; font-size: small;">File #</div>   |
|--|
| <p>This report form is designed to report an appraisal of a one-unit manufactured home; including a manufactured home in a planned unit development (PUD). A Manufactured home located in either a condominium or cooperative project requires the appraiser to inspect the project and complete the project information section of the Individual Condominium Unit Appraisal Report or the Individual Cooperative Interest Appraisal Report and attach it as an addendum to this report.</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><b>SCOPE OF WORK:</b> 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 property, (2) inspect the neighborhood, (3) inspect each of the comparable sales from at least the street, (4) research, verify, and analyze data from reliable public and/or private sources, and (5) report his or her analysis, opinions, and conclusions in this appraisal report.</p> <p><b>INTENDED USE:</b> 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><b>INTENDED USER:</b> The intended user of this appraisal report is the lender/client.</p> <p><b>DEFINITION OF MARKET VALUE:</b> 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><b>STATEMENT OF ASSUMPTIONS AND LIMITING CONDITIONS:</b> The appraiser's certification in this report is subject to the following assumptions and limiting conditions:</p> <ol style="list-style-type: none"> <li>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.</li> <li>2. The appraiser has provided a sketch in this appraisal report to show 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.</li> <li>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.</li> <li>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.</li> <li>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.</li> <li>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.</li> </ol> |

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■ **Manufactured Home Appraisal Report (Fannie Mae Form 1004C/Freddie Mac Form 70B)** [page 6]

| <b>Manufactured Home Appraisal Report</b> <span style="float: right; font-size: small;">File #</span>   |
|---|
| <p><b>APPRAISER'S CERTIFICATION:</b> The Appraiser certifies and agrees that:</p> <ol style="list-style-type: none"> <li>1. I have, at a minimum, developed and reported this appraisal in accordance with the scope of work requirements stated in this appraisal report.</li> <li>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.</li> <li>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.</li> <li>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 also developed the cost approach to value as support for the sales comparison approach. I have adequate comparable market and cost data to develop reliable sales comparison and cost approaches for this appraisal assignment. I further certify that I considered the income approach to value but did not develop it, unless otherwise indicated in this report.</li> <li>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.</li> <li>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.</li> <li>7. I selected and used comparable sales that are locationally, physically, and functionally the most similar to the subject property.</li> <li>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.</li> <li>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.</li> <li>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.</li> <li>11. I have knowledge and experience in appraising this type of property in this market area.</li> <li>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.</li> <li>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.</li> <li>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.</li> <li>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.</li> <li>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.</li> <li>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.</li> <li>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).</li> <li>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.</li> <li>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.</li> </ol> |
| <div style="display: flex; justify-content: space-between; font-size: x-small;"> <span>Freddie Mac Form 70B March 2005</span> <span>Page 6 of 7</span> <span>Fannie Mae Form 1004C March 2005</span> </div>   |

■ **Manufactured Home Appraisal Report (Fannie Mae Form 1004C/Freddie Mac Form 70B)** [page 7]

| <b>Manufactured Home Appraisal Report</b> <span style="float: right; font-size: small;">File # _____</span>  |   |
|--|---|
| <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><b>SUPERVISORY APPRAISER'S CERTIFICATION:</b> 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><b>APPRAISER</b></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 _____</p> <p>State _____</p> <p>Expiration Date of Certification or License _____</p> <p>ADDRESS OF PROPERTY APPRAISED _____</p> <p>APPAISED 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><b>SUPERVISORY APPRAISER (ONLY IF REQUIRED)</b></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 Signature _____</p> <p>State Certification # _____</p> <p>or State License # _____</p> <p>State _____</p> <p>Expiration Date of Certification or License _____</p> <p><b>SUBJECT PROPERTY</b></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="margin-left: 20px;">Date of Inspection _____</p> <p><input type="checkbox"/> Did inspect interior and exterior of subject property</p> <p style="margin-left: 20px;">Date of Inspection _____</p> <p><b>COMPARABLE SALES</b></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="margin-left: 20px;">Date of Inspection _____</p> |

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