

The Sales Comparison Analysis Section

The sales comparison approach is the primary approach used to value residential properties. Properties are valued by how much the market commands for the enjoyment of their amenities. This is accomplished by comparing the price for which similar properties in the area are selling, given the amenities they possess. It is important to realize that the sales prices of the comparable properties are adjusted to the subject property.

Also, note that the direct sales comparison is the only approach required by Fannie Mae. Page 3 of the URAR states that neither the cost nor the income approaches to value are required. However, this does not free the appraiser from meeting the requirements of USPAP, which necessitate the appraiser to consider all three approaches to value and to indicate if they are applicable (See SR 1-4).

Adjustments are made for differences in amenities between comparable sales and the subject property. The comparable's sales price is always adjusted in the direction of the subject property. If the comparable sale has a feature that the subject property does not, subtract the value of that feature from the sales price of the comparable sale. For example, if the comparable sale has a pool, and the subject property does not, subtract the value of the pool from the sales price of the comparable sale. In essence, what would the comparable sale have sold for if it did not have a pool, just like the subject property does not have a pool?

If the opposite were true, and the subject property had the pool, but the comparable sale did not, add the value of the pool to the sales price of the comparable sale. In essence, what would the comparable sale have sold for if it had a pool, just like the subject property has a pool?

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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.		\$ _____ sq. ft.			\$ _____ sq. ft.			\$ _____ sq. ft.		
Data Source(s)												
Verification Source(s)												
VALUE ADJUSTMENTS		DESCRIPTION		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	Bdms.	Baths	Total	Bdms.	Baths	Total	Bdms.	Baths		
Room Count												
Gross Living Area		sq. ft.		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"/> -		\$ _____		
Adjusted Sale Price of Comparables				Net Adj. %		\$ _____		Net Adj. %		\$ _____		
				Gross Adj. %		\$ _____		Gross Adj. %		\$ _____		
<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) _____ Report the results of the research and analysis of the prior sale or transfer history of the subject property and comparable sales (report additional prior sales on page 3).												
ITEM		SUBJECT		COMPARABLE SALE # 1			COMPARABLE SALE # 2			COMPARABLE SALE # 3		
Date of Prior Sale/Transfer												
Price of Prior Sale/Transfer												
Data Source(s)												
Effective Date of Data Source(s)												
Analysis of prior sale or transfer history of the subject property and comparable sales												
Summary of Sales Comparison Approach												
Indicated Value by Sales Comparison Approach \$ _____												

Adjustments are made throughout the sales comparison analysis to make the comparable sales similar to the subject property in all significant characteristics. The major assumption of this approach to value is that the adjusted sales prices of the comparable sales are reflective of the value of the subject property. In the sales comparison analysis, the appraiser estimates the contributory value items that differ between the subject and the comparable sale. The amount of the individual adjustments for each characteristic may be determined by considering the local market, or possibly, a paired-sales analysis.

The grid includes the most common property characteristics that affect value, so you may demonstrate how the comparable sales differ from the subject property and make the appropriate adjustments. The adjusted sales prices of the comparable sales at the bottom of the columns should indicate a relatively tight range of value, and reflect the value of the subject property.

The following paragraphs illustrate the parts of the SALES COMPARISON ANALYSIS section of the URAR form.

There are comparable offerings in the subject neighborhood ranging in list price from \$ to \$

Enter the number of comparable offerings found during your research and the list price range that was found. This item should include all comparable properties offered for sale in the subject neighborhood.

Example

There are	12	comparable properties currently offered for sale in the subject neighborhood ranging in price from \$	199,000	to \$	250,000
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There are comparable sales in the subject neighborhood within the past twelve months ranging in sales price from \$ to \$.

Enter the number of comparable offerings in the last 12 months found during your research and the list price range that was found. This item should include all comparable properties sold in the subject neighborhood.

Example

There are	0	comparable sales currently in the subject neighborhood within the past twelve months ranging in sales price from \$		to \$	
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Address

Identify the subject and comparable sales by their street addresses.

Example

FEATURE	SUBJECT	COMPARABLE SALE # 1	COMPARABLE SALE # 2	COMPARABLE SALE # 3
Address 125 Main St. Midland, TX		129 Main St. Midland, TX	345 Maple Ave. Midland, TX	247 Oak St. Midland, TX

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Proximity to Subject

The client and other users of the report should be able to understand the geographic proximity of the comparable properties to the subject property. Care should be taken when identifying the distance between the subject and the comparable sales. Identifying the distance between the subject and the comparable sales in terms of blocks is meaningful only in areas where streets follow a grid pattern. In areas where the streets twist and turn, it is often more meaningful to identify distances in terms of mileage. Compass directions between the subject and the comparable sales should also be identified. In rural areas, comparable sales may be several miles away and still are appropriate.

Example

FEATURE	SUBJECT	COMPARABLE SALE # 1	COMPARABLE SALE # 2	COMPARABLE SALE # 3
Proximity to Subject		Same Street	2 Blocks SW	½ Mile NE

Sale Price

List the sales price of each comparable sale, according to the public records. It is customary to indicate the data source under the sales price. This is done for each comparable sale. If there is a current pending sales price for the subject property, this should also be entered.

Example

FEATURE	SUBJECT	COMPARABLE SALE # 1	COMPARABLE SALE # 2	COMPARABLE SALE # 3
Sale Price		\$ 290,000	\$ 298,000	\$ 295,000

Price/Gross Liv. Area

List the price per square foot of gross living area. This is an indication of value. If the comparable sales are truly comparable to the subject property, it is reasonable to expect that the subject would be valued at somewhere near the same price per square foot as the comparables. If you are using an appraisal software program, it may perform this calculation for you automatically. If there is a current pending sales price for the subject property, this should also be entered. It is important to realize the price per gross living area includes the land value.

Example

FEATURE	SUBJECT	COMPARABLE SALE # 1	COMPARABLE SALE # 2	COMPARABLE SALE # 3
Sale Price/Gross Liv. Area		\$ 226.39 sq. ft.	\$ 231.97 sq. ft.	\$ 233.49 sq. ft.

Data Source(s)

Identify the data sources of information used in the Sales Comparison Analysis. Commonly used data sources include MLS, FARES, AIRD, and appraiser records. It is customary to indicate the data source under the sales price. Most appraisers also indicate the document number in this space. The document number is the number assigned to the grant deed when it was recorded in the county recorder's office. It is an indication the comparable property was actually sold. This is done for each

comparable sale. The scope of work statement in your addendum should discuss these data sources along with the other aspects of the scope of work. Fannie Mae requires the appraiser to indicate the document number.

Example

FEATURE	SUBJECT	COMPARABLE SALE # 1	COMPARABLE SALE # 2	COMPARABLE SALE # 3
Data Source(s)		<i>Public Records/MLS Doc # 37485</i>	<i>FARES/MLS Doc # 38556</i>	<i>AIRD/MLS Doc # 57003</i>

Verification Source(s)

Identify the data sources used to verify the primary data sources used in the Sales Comparison Analysis. Primary sources refer to people who are involved in the transaction including RE Agents, Buyers and Sellers, and sometimes loan brokers. Many appraisers neglect to confirm the sales with a primary source. FNMA wants the sale to be confirmed, and has added this new section to ensure that appraisers follow through with the primary sources.

Example

FEATURE	SUBJECT	COMPARABLE SALE # 1	COMPARABLE SALE # 2	COMPARABLE SALE # 3
Verification Source(s)		<i>listing agent</i>	<i>selling agent</i>	<i>buyer</i>

Value Adjustments: Description / +(-) \$ Adjustment

Analyze the difference in amenities between the subject property and the comparable sales. Every property differs from others in certain respects. Quantify those differences to arrive at an indicated value for the subject property. This item is the heading that includes all of the property characteristics that follow in the SALES COMPARISON ANALYSIS section. It is important to remember that you are adjusting the comparables sales upwards or downwards in relation to the subject property.

Care should be taken to ensure that adjustments are reflective of actions within the market. For example, in an area where swimming pools add value, a typical buyer would not pay \$9,925 more for a home because it has a pool. In such instances, buyers would typically think in more rounded terms and probably offer \$10,000 more for a home having a pool than one not having a pool. Since the real estate market is not extremely precise, the appraiser usually is not justified in making extremely precise adjustments.

Sales or Financing Concessions

Properties may be sold with many different financing options. The financing options may have an effect on the sales price. USPAP does not directly discuss adjustments. However, it does require the appraiser to consider “non-market financing or financing with unusual conditions or incentives”. The appraiser must determine if the financing used in the sale of the comparables affected their final purchase price. The appraiser must also identify any concessions or other incentives that may have affected the final purchase price of the comparable sales and make appropriate adjustments to reflect

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these items. For example, the seller may have paid a fee (discount points) to the lender (for the buyer) to buy-down the interest rate to allow the buyer to qualify for the loan. This type of arrangement will often result in higher sales prices. Another example involves a seller allowing a buyer to take over an existing loan. Unfavorable financing can also affect property values by causing the property to sell at a discount.

If the seller is offering concessions not typical for the marketplace, the sales price may not reflect the actual value the seller is receiving for the property. You should make an adjustment to reflect the value of the comparable sale accurately. For example, if the seller pays \$5,500 for the buyer's nonrecurring closing costs, the price of the comparable sale should receive a downwards adjustment for (-) \$5,500 if it appears that this amount has influenced the sales price of the comparable. Occasionally, sales prices are higher for sales where the seller has granted concessions. Sometimes the sales price does not reflect this amount. This information is often available through the data sources you consult.

Example

FEATURE	SUBJECT	COMPARABLE SALE # 1		COMPARABLE SALE # 2		COMPARABLE SALE # 3	
VALUE ADJUSTMENTS	DESCRIPTION	DESCRIPTION	+(-) Adjustment	DESCRIPTION	+(-) Adjustment	DESCRIPTION	+(-) Adjustment
Sales or Financing Concessions		Conventional, DP unknown		Conventional, 20% DP		Seller paid 5500 of buyer's close costs	-\$5500

Date of Sale/Time

To appraise for current market value, the appraiser must consider the most recent sales data available. If a comparable sale is several months old and the market clearly indicates an appreciation or depreciation rate, the appraiser may have to make a plus or minus adjustment to reflect the difference in value. Time adjustments must be derived from market data. There is no minimum or maximum time that would require this adjustment. It is a function of what is happening in a particular market. Enter the date of sale or the time period since the sale.

Example

FEATURE	SUBJECT	COMPARABLE SALE # 1		COMPARABLE SALE # 2		COMPARABLE SALE # 3	
VALUE ADJUSTMENTS	DESCRIPTION	DESCRIPTION	+(-) Adjustment	DESCRIPTION	+(-) Adjustment	DESCRIPTION	+(-) Adjustment
Date of Sale/Time		04/01/04		04/08/04		12/15/03	+2000

Location

If the subject property and the comparable sales are in qualitatively different locations, you must make an adjustment for this characteristic. A paired sales analysis will reveal how much of an adjustment you must make. Ideally, comparable sales should be in the same neighborhood, thus, no location adjustment would be necessary. Briefly describe the location of the subject and classify the location as good, average, or poor. Classify the comparable sales as superior, similar, or inferior, and make adjustments accordingly. It is best to indicate why you are making the adjustment.

Example

FEATURE	SUBJECT	COMPARABLE SALE # 1		COMPARABLE SALE # 2		COMPARABLE SALE # 3	
VALUE ADJUSTMENTS	DESCRIPTION	DESCRIPTION	+(-) Adjustment	DESCRIPTION	+(-) Adjustment	DESCRIPTION	+(-) Adjustment
Location	Cul-de-sac, good	Similar		Superior	-\$10,000	Inferior busy st	+\$10,000

Leasehold/Fee Simple

In many parts of the country, the terms “real estate” and “real property” are used as synonyms, and this is the way they are treated in USPAP. However, some important distinctions do exist in certain appraisals. Real estate means an identified parcel or tract of land and all the improvements attached to it. Real property is the ownership rights and interests (bundle of rights) that are associated with real property ownership. When comparing sales of similar properties, you must be certain that the rights and interests are the same for the subject and the comparable sales. If they are not, you must make adjustments, as indicated in the marketplace. Some houses and condominiums are built upon leased land, which is common around universities. These properties would need to be appraised as leaseholds. Appraisers should make every attempt to find comparable sales that comprise the same rights and interests as the subject property.

Determining what adjustment to use for the leased land provides an interesting challenge. You need the right kind of market data to calculate this adjustment. It is better to use all fee simple comparables for a fee simple appraisal. The same is true for leasehold appraisals.

Example

FEATURE	SUBJECT	COMPARABLE SALE # 1		COMPARABLE SALE # 2		COMPARABLE SALE # 3	
VALUE ADJUSTMENTS	DESCRIPTION	DESCRIPTION	+(-) Adjustment	DESCRIPTION	+(-) Adjustment	DESCRIPTION	+(-) Adjustment
Leasehold/Fee Simple	<i>Fee Simple</i>	<i>Fee Simple</i>		<i>Fee Simple</i>		<i>Leased Land</i>	<i>+\$50,000</i>

Site

You must include the square footage of both the subject property lot and the comparable sales. The subject property and comparable sales may also differ in topography, drainage, shape, encroachments, easements, and other site conditions. Address these differences with analysis and commentary (in your Comment Addendum), and adjust accordingly. Lot sizes will vary, but an adjustment should be made only when the size difference creates a reaction in the marketplace. This type of adjustment is commonly made on a “per square foot” basis (or, as appropriate, on a “per acre” basis) and must be determined from comparable sales. The appraiser has to consider the minimum lot size needed to support the improvement and then consider whether the subject or comparables have excess land.

It is very important for the appraiser to determine how much of a given site is considered usable and how the market reacts to this.

Example

FEATURE	SUBJECT	COMPARABLE SALE# 1		COMPARABLE SALE # 2		COMPARABLE SALE # 3	
VALUE ADJUSTMENTS	DESCRIPTION	DESCRIPTION	+(-) Adjustment	DESCRIPTION	+(-) Adjustment	DESCRIPTION	+(-) Adjustment
Site	<i>9372 sq. ft.</i>	<i>8965 sq. ft</i>		<i>7000 sq. ft</i>	<i>+\$9,500</i>	<i>6000 sq. ft</i>	<i>+\$13,500</i>

This example is based upon a market reaction of \$4.00/square foot (rounded).

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View

Does the subject property have a view, and does the quality of this characteristic vary from that of the comparable sales? In describing views, identify views that a typical buyer would pay for.

For example, a “view” of the house across the street is usually not classified as a view. In such instances, it is more meaningful to state that that home has no view.

Differences in view amenities require an adjustment. To quantify this adjustment, perform a paired sales analysis. Desirable views add value, so address any views with analysis and commentary.

You should state the type of view and support your commentary with photographs. It is important to note whether the view is permanent or whether it could be blocked by future construction or by nearby trees, etc.

Example

FEATURE	SUBJECT	COMPARABLE SALE # 1		COMPARABLE SALE # 2		COMPARABLE SALE # 3	
VALUE ADJUSTMENTS	DESCRIPTION	DESCRIPTION	+(-) Adjustment	DESCRIPTION	+(-) Adjustment	DESCRIPTION	+(-) Adjustment
View	180° ocean	Similar		Inferior	+\$ 50,000	None	+\$100,000

Design (Style)

Identify the type of house design, such as ranch, colonial, etc., and rate its appeal as good, average, fair, or poor. The information presented here should be consistent with the description of the improvements on the first page of the form, but this item allows commentary on its attractiveness and acceptability in the marketplace. Then compare the comparable sales to the subject property’s rating.

Example

FEATURE	SUBJECT	COMPARABLE SALE# 1		COMPARABLE SALE # 2		COMPARABLE SALE # 3	
VALUE ADJUSTMENTS	DESCRIPTION	DESCRIPTION	+(-) Adjustment	DESCRIPTION	+(-) Adjustment	DESCRIPTION	+(-) Adjustment
Design (Style)	Ranch/avg	Ranch/avg		Ranch/super.	-\$5,000	Ranch/inferior	+\$5,000

Quality of Construction

This item reflects the quality of the building materials and the workmanship during construction. If the comparable sales are of the same age and in the same neighborhood as the subject property, the quality of construction should be similar to that of the subject property. Any perceived difference in the quality of construction between the subject property and the comparable sales may require an adjustment.

This is very difficult to determine without visiting the properties.

Example

FEATURE	SUBJECT	COMPARABLE SALE # 1		COMPARABLE SALE # 2		COMPARABLE SALE # 3	
VALUE ADJUSTMENTS	DESCRIPTION	DESCRIPTION	+(-) Adjustment	DESCRIPTION	+(-) Adjustment	DESCRIPTION	+(-) Adjustment
Quality of Construction	Average	Average		Fair/inferior	+\$5,000	Good/superior	-\$5,000

Actual Age

This is the chronological age of the house. The most appropriate comparable sales are the same age or very close to the age of the subject property. An age difference may require an adjustment.

Example

	SUBJECT	COMPARABLE SALE# 1		COMPARABLE SALE # 2		COMPARABLE SALE # 3	
VALUE ADJUSTMENTS	DESCRIPTION	DESCRIPTION	+(-) Adjustment	DESCRIPTION	+(-) Adjustment	DESCRIPTION	+(-) Adjustment
Actual Age	20 Years	20 Years		22 Years		15 Years	-\$2,500

The age adjustment was determined to be \$500/year by analyzing market data.

Condition

State the condition of the subject property and rate the condition of the comparable sales in contrast to the subject. The condition of the subject property should be consistent with the physical description on the first page of the URAR and the statement of effective age. Differences in condition between the subject property and the comparable sales may require an adjustment based upon market reaction to the differences in condition of the subject and the comparables. Sometimes it is difficult to determine the condition of the comparable sales. Agent interviews and a careful examination of the property exterior will give some good indications.

Example

FEATURE	SUBJECT	COMPARABLE SALE# 1		COMPARABLE SALE # 2		COMPARABLE SALE # 3	
VALUE ADJUSTMENTS	DESCRIPTION	DESCRIPTION	+(-) Adjustment	DESCRIPTION	+(-) Adjustment	DESCRIPTION	+(-) Adjustment
Condition	Good	Similar		Superior	-\$5,000	Good/superior	-\$5,000

Above Grade Room Count/Gross Living Area

State the above-grade room count and the gross living area for the subject property and the comparable sales. Differences may require an adjustment as measured by the market reaction. Care must be exercised when making room count/gross living area adjustments. Be careful not to adjust twice for one market reaction. For example, if a comparable sale has an extra bedroom and 150 extra square feet, you may need to adjust for the extra bedroom and the additional square footage. If so, each should be adjusted only as much as the market indicates. Often, two adjustments are warranted, one to reflect the additional square footage, and one to reflect the additional utility attributable to the extra bedroom. This is not always the case, however. The amount of adjustment must not be doubled to account for one market reaction.

Example

FEATURE	SUBJECT			COMPARABLE SALE# 1			COMPARABLE SALE # 2			COMPARABLE SALE # 3		
VALUE ADJUSTMENTS	DESCRIPTION			DESCRIPTION			DESCRIPTION			DESCRIPTION		
	total	Bdms	Baths	total	Bdms	Baths	total	Bdms	Baths	total	Bdms	Baths
Above Grade												
Room count	6	3	2	6	3	2	6	3	2	6	4	2
Gross Living Area	1260 sq. ft.			1281 sq. ft.			1285 sq. ft.			1500 sq. ft.		
										-\$12000		

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Basement & Finished Rooms Below Grade

In some areas of the country, houses have basements and other finished rooms without insulation that are considered below grade, but add to the value or desirability of the property. Differences between the subject property and the comparable sales in this area may require adjustments, as measured by market reaction.

Example

FEATURE	SUBJECT	COMPARABLE SALE # 1		COMPARABLE SALE # 2		COMPARABLE SALE # 3	
VALUE ADJUSTMENTS	DESCRIPTION	DESCRIPTION	+(-) Adjustment	DESCRIPTION	+(-) Adjustment	DESCRIPTION	+(-) Adjustment
Basement & Finished Rooms Below Grade	<i>Half basement, attic</i>	<i>Half basement, attic</i>		<i>Full basement, attic</i>	<i>-\$3000</i>	<i>Half basement</i>	<i>+\$3000</i>

Functional Utility

Functional utility refers to the “usability” of the property. Consider the floor plans and room size. Floor plans that do not flow or plans that require one to walk through a bedroom to reach a second bedroom have functional obsolescence and require an adjustment. Another example is a bedroom that is reached by walking outside the house. Homes having outdated kitchens, plumbing, and electrical systems also are examples of functional utility problems. If the subject property has a different level of functional utility than the comparable sales, address this with analysis and commentary, and make the appropriate adjustments.

Example

FEATURE	SUBJECT	COMPARABLE SALE # 1		COMPARABLE SALE # 2		COMPARABLE SALE # 3	
VALUE ADJUSTMENTS	DESCRIPTION	DESCRIPTION	+(-) Adjustment	DESCRIPTION	+(-) Adjustment	DESCRIPTION	+(-) Adjustment
Functional Utility	<i>Average</i>	<i>Average</i>		<i>Average</i>		<i>Inferior</i>	<i>+\$10,000</i>

Heating/Cooling

Identify the type of heating and cooling system installed in the house. Compare the systems in the comparable sales with those of the subject property. The market reaction to the different systems will dictate the amount of the adjustment. Do not assume the market reaction; you must observe it. For example, central air-conditioning at a mountain location may add no value or desirability to the property. However, a house in the desert without any kind of cooling system will no doubt suffer from functional obsolescence (which is curable). Become familiar with the particular marketplace.

Example

FEATURE	SUBJECT	COMPARABLE SALE # 1		COMPARABLE SALE # 2		COMPARABLE SALE # 3	
VALUE ADJUSTMENTS	DESCRIPTION	DESCRIPTION	+(-) Adjustment	DESCRIPTION	+(-) Adjustment	DESCRIPTION	+(-) Adjustment
Heating/Cooling	<i>FAU/None</i>	<i>FAU/None</i>		<i>FAU/CFA</i>	<i>-\$5000</i>	<i>Wall/None</i>	<i>+\$5000</i>

Energy Efficient Items

Such items may include solar heating panels, upgraded insulation, storm doors and windows, and other items that affect a property's value and desirability. Observe the market to note its reaction and adjust accordingly.

Some buyers do not like the appearance of solar panels and others will put up with them to have the benefit. In those instances, the way they are installed and displayed will affect market reaction. In some areas of the country, dual pane windows, extra insulation, storm doors, and windows do have a tendency to increase value.

Example

FEATURE	SUBJECT	COMPARABLE SALE # 1		COMPARABLE SALE # 2		COMPARABLE SALE # 3	
VALUE ADJUSTMENTS	DESCRIPTION	DESCRIPTION	+(-) Adjustment	DESCRIPTION	+(-) Adjustment	DESCRIPTION	+(-) Adjustment
Energy Efficient Items	<i>Solar Heating</i>	<i>Solar Heating</i>		<i>None Noted</i>	<i>+\$3000</i>	<i>Solar Heat/therm window/door</i>	<i>-\$3000</i>

Garage/Carport

Car storage is an important issue in most areas and affects value and desirability. Identify the car storage features of the subject property and those of the comparable sales. A paired sales analysis will reveal the value of the features and dictate the amount of the adjustment you should make.

Example

FEATURE	SUBJECT	COMPARABLE SALE # 1		COMPARABLE SALE # 2		COMPARABLE SALE # 3	
VALUE ADJUSTMENTS	DESCRIPTION	DESCRIPTION	+(-) Adjustment	DESCRIPTION	+(-) Adjustment	DESCRIPTION	+(-) Adjustment
Garage/Carport	<i>2 car garage</i>	<i>2 car garage</i>		<i>3 car garage</i>	<i>-\$5000</i>	<i>1 car garage</i>	<i>+\$5000</i>

Porch/Patio/Deck

Porches, patios, and decks add value to property in most areas. Identify whether the comparables have such an item in relation to the subject and adjust for the feature according to market expectations.

Example

FEATURE	SUBJECT	COMPARABLE SALE # 1		COMPARABLE SALE # 2		COMPARABLE SALE # 3	
VALUE ADJUSTMENTS	DESCRIPTION	DESCRIPTION	+(-) Adjustment	DESCRIPTION	+(-) Adjustment	DESCRIPTION	+(-) Adjustment
Porch/Patio/Deck	<i>2 Patios</i>	<i>Deck</i>	<i>-\$2000</i>	<i>None</i>	<i>+\$5000</i>	<i>1 patio</i>	<i>+\$2500</i>

Blank Lines

These lines are provided so that you may include any additional features you feel warrant an adjustment. There may be other improvements to the property that affect its value and desirability. Measure the market's reaction using a paired sales analysis and make adjustments accordingly. It is difficult to prove any adjustment with market data that is less than one percent of the appraised value. Therefore, it is not a good

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appraisal practice to make a series of small adjustments just because there are a few small differences among the comparables. Make sure that any item you are considering is provable with market data.

Example

FEATURE	SUBJECT	COMPARABLE SALE # 1		COMPARABLE SALE # 2		COMPARABLE SALE # 3	
VALUE ADJUSTMENTS	DESCRIPTION	DESCRIPTION	+(-) Adjustment	DESCRIPTION	+(-) Adjustment	DESCRIPTION	+(-) Adjustment
Fireplace(s)	2 Fireplaces	2 Fireplaces		1 Fireplace	+\$2000	None	+\$4000
Pool	Pool	Pool		None	+\$15,000	Pool/Spa	+\$20,000

Net Adjustment (Total)

If you are using an appraisal software program, it will automatically compute the net adjustments to offset all plus and minus adjustments. If you are not using such a program, you must make the calculations manually.

For example, if the negative adjustments added up to \$8,000 and the positive adjustments added up to \$10,000, the net adjustment would be plus \$2,000. This amount is then added to the sales price of the comparable property, indicating the adjusted value of the comparable sale.

Example

FEATURE	SUBJECT	COMPARABLE SALE # 1		COMPARABLE SALE # 2		COMPARABLE SALE # 3	
VALUE ADJUSTMENTS	DESCRIPTION	DESCRIPTION	+(-) Adjustment	DESCRIPTION	+(-) Adjustment	DESCRIPTION	+(-) Adjustment
Net Adjustment (Total)		<input checked="" type="checkbox"/> + <input type="checkbox"/> -	\$ 2000	<input type="checkbox"/> + <input checked="" type="checkbox"/> -	\$ 2500	<input checked="" type="checkbox"/> + <input type="checkbox"/> -	\$ 5000

Adjusted Sale Price of Comparables

The adjusted sales price of the comparable sales equals the original sales price of the comparable added to the net adjustments. Appraisal software programs will compute this automatically, or you must compute it manually. The program will also indicate the percentage of net and gross adjustments that have been made to each comparable sale.

Fannie Mae guidelines suggest a maximum of a 25% gross adjustment (the sum of the absolute values of each adjustment should not exceed 25% of the sales price of the comparable) and 15% net adjustments after plus and minus adjustments offset each other. However, these guidelines may need to be exceeded when you appraise properties where the subject and the comparables are not homogeneous. If you are not able to follow these guidelines, explain your reasoning in the Comment Addendum.

Example

FEATURE	SUBJECT	COMPARABLE SALE # 1		COMPARABLE SALE # 2		COMPARABLE SALE # 3	
VALUE ADJUSTMENTS	DESCRIPTION	DESCRIPTION	+(-) Adjustment	DESCRIPTION	+(-) Adjustment	DESCRIPTION	+(-) Adjustment
Adjusted Sale Price of Comparables		Net Adj. 2 % Gross Adj. 2.5 %	\$ 288,000	Net Adj. 4 % Gross Adj. 2.5 %	\$ 290,000	Net Adj. 5 % Gross Adj. 3 %	\$ 295,000

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

Indicate whether the sale or transfer history of the subject and the comparables has been researched and analyzed for the year prior to the effective date of the appraisal.

Example

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

My research did did not reveal any prior sales or transfers of the subject property for three years prior to the effective date of this appraisal.

Indicate whether your research revealed any sales or transfers of the subject property within three years prior to the appraisal's effective date.

Example

My research did did not reveal any prior sales or transfers of the subject property for three years prior to the effective date of this appraisal.

Identify the data source(s) researched and the effective date(s) of the data.

Enter the name of the data source used to research the prior sales of the comparables and the effective date of the data source.

Example

Data Source(s) *MLS*

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.

Indicate whether your research revealed any sales or transfers of any of the comparable properties within one year prior to the appraisal's effective date.

Example

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

Identify the data source(s) researched and the effective date(s) of the data

Enter the name of the data source used to research the prior sales of the comparables and the effective date of the data source.

URAR

Example

Data Source(s) <i>MLS</i>

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

In this area, provide information regarding the prior sales or transfers of the comparable properties.

Date of Sale/Transfer for prior year

Enter the date of any prior transfer or sale for each of the comparables.

Example

ITEM	SUBJECT	COMPARABLE SALE # 1	COMPARABLE SALE # 2	COMPARABLE SALE # 3
Date of Prior Sale/Transfer				11/02/02

Price of Sale/Transfer for prior year

Enter the sales price of any prior transfer or sale for each of the comparables.

Example

ITEM	SUBJECT	COMPARABLE SALE # 1	COMPARABLE SALE # 2	COMPARABLE SALE # 3
Price of Prior Sale/Transfer				\$265,000

Data Source

Enter the data source used to obtain the information regarding prior sales.

Example

ITEM	SUBJECT	COMPARABLE SALE # 1	COMPARABLE SALE # 2	COMPARABLE SALE # 3
Data Source(s)				Pub. Records/Doc. # 8669

Effective Date of Data Source(s)

Enter the effective date of the data source or sources used to research the transaction.

Analysis of prior sale or transfer history of the subject property and comparable sales

Use the space available to summarize your analysis and conclusions regarding the prior sales history of the subject property as well as the prior sales history of the comparable properties. If additional space is required, address the analysis and conclusions in an addendum. The state offices of real estate appraisal indicate that appraisers need to be more thorough in this area.

Summary of Sales Comparison Analysis

You must summarize the sales comparison approach and report and analyze any other pertinent issues, such as adjustments made and the basis for the adjustments, people involved with the sale that you interviewed, current listings, agreements of sale, or other items of consequence. This is especially important in a rapidly rising (or declining) market. Sometimes the comparable sales were negotiated several months prior and do not reflect the current market without time and other adjustments. If you have extensive commentary, refer the reader to your Comment Addendum.

Example

<p>Summary of Sales Comparison Analysis: <i>Three closed sales were used for the analysis. Comparable 1 is located five lots south of the subject property on the same street. An investor sold it four months after purchasing it at a trustee's sale. According to the listing agent the property was in good condition at the time of sale. Comparable 2 is located in the subject property's tract. Comparable 3 is a pending sale located at</i></p>
<p><i>123 S. Main Street, two blocks northwest and around the corner from the subject property. It went into escrow on 4-20-XX with no concessions. The pending sale is set to close 5-30-XX, according to the listing agent Jane Smith of XYZ Real Estate Company. The pending sale is identified in the public records as a three bedroom, two-bath single-family residence with 1,097 square feet of living area. This was confirmed with MLS and the listing agent. The property is located on a main east-west thoroughfare and exhibits significant external obsolescence in comparison to the subject property, which is located on a quiet street with little ambient noise. The smaller size and inferior location of the pending sale indicates a higher market value for the subject property. Adjustments were made to Comparable 1 to reflect the seller's desire for quick turnover. Time adjustments were made on Comparables 2 and 3, and a pending sale adjustment was made to comparable 3 to reflect the market's reaction to pending sales..</i></p>

Indicated Value by Sales Comparison Analysis

Enter your opinion of value according to the sales comparison approach. Do not average the adjusted values of the comparable sales. Reconcile your results in accordance with USPAP SR 1-6. Use judgment and expertise; explain why you are placing greater emphasis on one comparable due to similarity and less emphasis on another comparable due to dissimilarity.

Example

Indicated Value by Sales Comparison Analysis \$ 300,000.

Chapter 7 Review Exercise

Instructions: Using the information provided, complete the blank URAR Sales Comparison Analysis section. When you have finished, check your work using the Answer Key in Appendix A.

You have verified the description of the subject property through personal inspection. It is a single-family ranch-style house located at 16253 Elk Springs Road, Anytown, California. It has eight rooms, four bedrooms, and two baths. The gross living area is 1,680 square feet. Elk Springs Road is a typical residential street for this neighborhood, which is considered good for the area. The house is 17 years old and both the interior and exterior are in excellent condition. The subject's site is rectangular, measuring 70 feet by 160 feet. There is no appreciable view. The subject's site and improvements are considered typical for the neighborhood. Construction is average. The functional utility of the home is average. There is no basement. The heating and cooling systems are gas-fired forced warm air with central air conditioning. The living room has a stone-faced gas-fired fireplace. There are no special energy-efficient items. The home has a concrete slab patio and cinderblock walls in the backyard. The home also includes a concrete, in-ground heated spa. There is a detached two-car garage and a poured concrete driveway. The financing is a conventional mortgage, which is typical for the area.

In the subject neighborhood, there are currently 6 other comparable homes being offered for sale ranging in price from \$199,500 to \$223,000. In the last 12 months, there have been 12 comparable sales ranging from \$199,000 to \$250,000.

Adjustment values based on local market data are: Garage, \$10,000; Fireplace, \$2,500; Concrete patio, \$4,000; Pool \$5,000; Spa \$3,500

You have researched the prior sale and transfer history of all selected comparables for the year prior to this appraisal. This research was completed by researching public records. You found that none of the comparables had been sold or transferred within the year prior to the effective date of this appraisal.

Sales data for the comparables, which has been verified by the brokers involved in the transactions, is shown on page 60.

Sales Comparison Analysis
Chapter 7

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											
Data Source(s)											
Verification Source(s)											
VALUE ADJUSTMENTS		DESCRIPTION		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	Bdms.	Baths	Total	Bdms.	Baths	Total	Bdms.	Baths
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)											
Adjusted Sale Price of Comparables		Net Adj. %		Gross Adj. %		Net Adj. %		Gross Adj. %		Net Adj. %	
I <input type="checkbox"/> did <input type="checkbox"/> did not research the sale or transfer history of the subject property and comparable sales. If not, explain											
My research <input type="checkbox"/> did <input type="checkbox"/> did not reveal any prior sales or transfers of the subject property for the three years prior to the effective date of this appraisal.											
Data source(s)											
My research <input type="checkbox"/> did <input type="checkbox"/> did not reveal any prior sales or transfers of the comparable sales for the year prior to the date of sale of the comparable sale.											
Data source(s)											
Report the results of the research and analysis of the prior sale or transfer history of the subject property and comparable sales (report additional prior sales on page 3).											
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 \$											

URAR

	Comparable Sale #1	Comparable Sale #2	Comparable Sale #3
Address	16249 Elk Springs Rd	1243 Greenbriar St.	15987 Nature Way
Proximity to Subject	Same Block	½ mile SW	1 mile NE
Sales Price	\$215,000	\$213,000	\$203,000
Financing	Conv. Mortgage	Conv. Mortgage	Conv. Mortgage
Date of Sale	1 month ago	2 months ago	1 month ago
Location	Average	Average	Average
Leasehold/Fee Simple	Fee Simple	Fee Simple	Fee Simple
Size of Lot	11,000 sq. ft.	10,000 sq. ft.	10,500 sq. ft.
View	None	None	None
Design (Style)	Ranch	Ranch	Ranch
Quality of Construction	Average	Average	Average
Actual Age	16 years	18 years	17 years
Condition	Excellent	Excellent	Excellent
Room Count/ Bedrooms/Baths	8/4/2	8/4/2	8/4/2
Gross Living Area	1700 sq. ft.	1750 sq. ft.	1725 sq. ft.
Basement & Finished Rooms Below Grade	None	None	None
Functional Utility	Average	Average	Average
Energy Efficient Items	None	None	None
Heating/Cooling	Forced Air/CA	Forced Air/CA	Forced Air/CA
Garage/Carport	2 Car Detached	2 Car Detached	None
Patio	None	Concrete	Concrete
Fireplace(s)	Stone/1	Stone/2	None
Pool/Jacuzzi	Concrete Pool/Jacuzzi	None	Concrete Jacuzzi