

# Appraisal Review Checklist

## Conventional Conforming Transactions



LOAN FILE IDENTIFICATION	
Borrower Name _____	CMC Loan # _____
Property Address _____	

INSTRUCTIONS – COMPLETE:
<input type="checkbox"/> Loan File Identification <input type="checkbox"/> Instructions Checklist <input type="checkbox"/> Pre-Review Requirements <input type="checkbox"/> Subject – Appraisal Section <input type="checkbox"/> Contract – Appraisal Section <input type="checkbox"/> Neighborhood – Appraisal Section <input type="checkbox"/> Site – Appraisal Section <input type="checkbox"/> Improvements – Appraisal Section <input type="checkbox"/> Sales Comparison Approach – Appraisal Section <input type="checkbox"/> Reconciliation – Appraisal Section <input type="checkbox"/> Additional Comments – Appraisal Section <input type="checkbox"/> Cost Approach – Appraisal Section <input type="checkbox"/> Income Approach – Appraisal Section <input type="checkbox"/> PUD Information – Appraisal Section <input type="checkbox"/> Appraisal Addenda/Other – Appraisal Section <input type="checkbox"/> Exhibits <input type="checkbox"/> Preparer Information

PRE-REVIEW REQUIREMENTS	
<input type="checkbox"/> Is the appraiser included on the specific investor’s “Exclusionary” list?	<ul style="list-style-type: none"> <li>Review/apply the requirements in the applicable “Investor DU/LP Overlay Matrix” on the <a href="#">Conventional Underwriting</a> page on the CMC Intranet, and</li> <li>Review/apply the investor’s guidelines.</li> </ul>
<input type="checkbox"/> Is there a DU Underwriting Findings “Red Flag Message” related to “Excessive Value” or “Rapid Appreciation”? <b>OR</b> <input type="checkbox"/> Is there an LP Feedback Certificate HVE “Y3” or “Y6” message?	<ul style="list-style-type: none"> <li>Review/apply the <a href="#">Conventional Loan Standards</a> (CLS), and</li> <li>Review/apply the requirements in the applicable “Investor DU/LP Overlay Matrices” and investor guidelines, and</li> <li>Apply the more restrictive of the requirements in the CLS or the investor’s guidelines.</li> </ul>
<input type="checkbox"/> Were all CMC appraisal-related requirements met?	Review/apply the <a href="#">Conventional Loan Standards</a> (CLS)
<input type="checkbox"/> Were all investor specific appraisal-related requirements met?	<ul style="list-style-type: none"> <li>Review/apply the requirements in the applicable “Investor DU/LP Overlay Matrix,” and</li> <li>Review/apply the investor’s guidelines.</li> </ul>
<input type="checkbox"/> Was the correct appraisal form used? Appraisal Form #: _____ <input type="checkbox"/> Was the UAD version used, if the appraisal form is listed below? <ul style="list-style-type: none"> <li>Uniform Residential Appraisal Report (Fannie Mae Form 1004/Freddie Mac Form 70)</li> <li>Individual Condominium Unit Appraisal Report (Fannie Mae Form 1073/Freddie Mac Form 465)</li> <li>Exterior-Only Inspection Individual Condominium Unit Appraisal Report (Fannie Mae Form 1075/Freddie Mac Form 466)</li> <li>Exterior-Only Inspection Residential Appraisal Report (Fannie Mae/Freddie Mac Form 2055)</li> </ul> (Revised 8/17/2011)	Review/apply the DU Underwriting Findings or the LP Feedback Certificate appraisal/inspection report requirements.
<input type="checkbox"/> Were all UCDP requirements met? (Added 8/17/2011)	Review the UCDP “Submission Summary Report” (SSR) and “Compliance Findings Report” (CFR). If any of the following items are included in the SSR or CFR, refer to Step 6 in the <a href="#">UCDP Portal Submission &amp; UW Process</a> . <ul style="list-style-type: none"> <li>Fatal Errors</li> <li>Basic Appraisal Edits</li> <li>UAD Warning Messages</li> </ul>

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Appraisal Section		Answer	Action Required
<b>SUBJECT</b>			
1	<input type="checkbox"/> Does the Property Address on the appraisal match the property address on the sales contract & 1003?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<ul style="list-style-type: none"> <li>If yes, confirm that the address is not a P.O. Box.</li> <li>If no, verify that correct property was appraised, &amp;</li> <li>Obtain corrected document(s).</li> </ul>
2	<input type="checkbox"/> Does the Borrower's name(s) on the appraisal match the contract & 1003?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	If no, appraiser to provide a revised appraisal report.
3	<input type="checkbox"/> On a purchase transaction, is the Owner of Public Record the same as the seller/owner on the contract & title?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<ul style="list-style-type: none"> <li>If no, obtain an explanation for the discrepancy.</li> <li>An additional level of review/justification required as this is a strong indication of fraud or flip.</li> </ul>
4	<input type="checkbox"/> On a refinance transaction, is the Occupant the borrower & the owner of public record?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<ul style="list-style-type: none"> <li>In no, obtain an explanation for the discrepancy.</li> <li>If no, is the property currently used as a rental?</li> <li>If no, and the property is vacant, obtain information/ documentation as appropriate.</li> </ul>
5	<input type="checkbox"/> Is there an amount listed for Special Assessments?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<ul style="list-style-type: none"> <li>If yes, appraiser must explain, and</li> <li>Add Special Assessment amount into the DTI calc., and</li> <li>Review/apply the investor's guidelines.</li> </ul>
6	<input type="checkbox"/> Is the property a PUD or Condo?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<ul style="list-style-type: none"> <li>If yes, add HOA fees amount into the DTI calc.</li> <li>If PUD – refer to PUD Information section below.</li> </ul>
7	<input type="checkbox"/> Condo – a) Does the unit/project meet applicable guidelines per the <a href="#">Conventional Condo Requirements</a> , b) Is project classified correctly on 1008?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<ul style="list-style-type: none"> <li>If the answer to "a" is no, <b>loan is not saleable.</b></li> <li>If the answer to "b" is no, correct the Project Classification on the 1008</li> </ul>
8	<input type="checkbox"/> Is the property listed as Fee Simple?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	If no, and "Leasehold" box is checked, apply agency & investor guidelines for Leasehold Properties.
9	<input type="checkbox"/> Does the Assignment (i.e., transaction) Type match 1003?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<ul style="list-style-type: none"> <li>If no, confirm product eligibility and pricing, and</li> <li>Appraiser must provide a revised appraisal report &amp;</li> <li>If loan is a purchase, ensure appraiser has the most current and complete sales contract.</li> </ul>
10	<input type="checkbox"/> Is the Lender/Client listed as Cornerstone Mortgage Co.?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	If no, review/apply the <a href="#">Appraisal Transfer Policy</a> requirements on Page 4 of the "Appraisal Policy and Procedure Standards" document located on the QuEST page of the CMC Intranet (Policies & Procedures section, item #PP046).
11	<input type="checkbox"/> Has the property been listed for sale in the last 12 months?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<ul style="list-style-type: none"> <li>If yes, appraiser to comment; loan may not be saleable.</li> <li>Review/apply the investor's guidelines.</li> <li>If yes, on a refi, loan is unsalable if the property was listed for sale on/after the application date.</li> </ul>
12	<input type="checkbox"/> If the subject property was listed for sale in the past 12 months, is the appraised value $\geq$ the prior listing price?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<ul style="list-style-type: none"> <li>If no, appraiser must comment, and</li> <li>Appraiser to address declining market concerns.</li> </ul>
<b>CONTRACT</b> (Completed only on Purchase Transactions)			
1	<input type="checkbox"/> Did appraiser analyze the sales contract?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<ul style="list-style-type: none"> <li>If yes, appraiser to explain results of his/her analysis.</li> <li>If no, appraiser to comment on why he didn't review the sales contract, and</li> <li>Appraiser must provide a revised appraisal report after reviewing the most current sales contract.</li> </ul>
2	<input type="checkbox"/> Do the Contract Price and Date of Contract match the information included on the sales contract in the file?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<ul style="list-style-type: none"> <li>If no, appraiser must comment. (Ensure the appraiser has the most current sales contract), &amp;</li> <li>Obtain the corrected document(s).</li> </ul>
3	<input type="checkbox"/> Is the Owner of Public Record the same as the seller/owner on the contract & title?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<ul style="list-style-type: none"> <li>If no, obtain an explanation for the discrepancy.</li> <li>An additional level of review/justification required as this is a strong indication of fraud or flip.</li> </ul>
4	<input type="checkbox"/> Are there any Interested Party Contributions (IPCs)?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<ul style="list-style-type: none"> <li>If yes, appraiser must list items to be paid and dollar amount being paid, and</li> <li>Review/apply agency &amp; investor guidelines for max. IPCs allowed on the specific product/program.</li> </ul>
5	<input type="checkbox"/> Are there any Sales Concessions (not standard acceptable IPCs)?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<ul style="list-style-type: none"> <li>If yes, appraiser must list sales concession items and provide dollar amount/value and,</li> <li>Subtract dollar amount/value of sales concessions from the sales price listed on the sales contract and recalculate the LTV/CLTV based on the reduced sales price.</li> </ul>

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<b>NEIGHBORHOOD</b>			
1	<input type="checkbox"/> Is the neighborhood under 25% Built-Up and is location "Urban" or "Suburban"?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	If yes, appraiser must comment.
2	<input type="checkbox"/> Is the subject property in a "declining," "at risk," or "soft market?" <ul style="list-style-type: none"> <li>▪ Property Values = Declining, or</li> <li>▪ Demand/Supply = Over Supply, or</li> <li>▪ Marketing Time = Over 6 Months, or</li> <li>▪ Appraiser comments = Property is in a "declining," "at risk" or "soft" market area</li> </ul>	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<ul style="list-style-type: none"> <li>• If yes, appraiser to address market characteristics &amp; issues, and</li> <li>• Review/apply investor's declining or soft market requirements.</li> </ul>
3	<input type="checkbox"/> Does the appraised value fall within the Neighborhood's price range?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	If no, appraiser must comment; loan probably is not saleable.
4	<input type="checkbox"/> Is the Present Land Use predominately residential & similar to the subject's use?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	If no, appraiser must comment.
5	<input type="checkbox"/> Is the Present Land Use stable?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	If no, appraiser must comment.
6	<input type="checkbox"/> Does the description of the Neighborhood Boundaries match the map included with the report, and are all comps located within these boundaries?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<ul style="list-style-type: none"> <li>• If no, appraiser must comment, and</li> <li>• Appraiser must provide at least 3 closed comps located within the subject neighborhood boundaries that meet agency and investor guidelines</li> </ul>
7	<input type="checkbox"/> Are there any negative comments in Neighborhood Description or Market Conditions?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	If yes, appraiser must provide detailed explanation.
<b>SITE</b>			
1	<input type="checkbox"/> Is the site size greater than 10 acres?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	If yes, review/apply specific investor's product, program and underwriting requirements.
2	<input type="checkbox"/> Is Zoning Classification residential but Zoning Compliance is Legal Non-Conforming?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<ul style="list-style-type: none"> <li>• If yes, appraiser to explain why property is Legal Non-Conforming, and</li> <li>• Confirm that the dwelling can be rebuilt to its current density if destroyed in part or in whole.</li> </ul>
3	<input type="checkbox"/> Is Zoning Classification agricultural but Zoning Compliance allows for residential use and Zoning Compliance is Legal Non-Conforming?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<ul style="list-style-type: none"> <li>• If yes, confirm that the dwelling can be rebuilt to its current density if destroyed in part or in whole, and property is not an income-producing farm, &amp;</li> <li>• Appraiser must address what percentage of the acreage is used for agricultural purposes, and what type of agricultural or ranching activities are performed on those acres, and</li> <li>• Review/apply the investor's guidelines.</li> </ul>
4	<input type="checkbox"/> Is Zoning Classification "Commercial" or "Industrial"?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	If yes, <b>loan is not saleable.</b>
5	<input type="checkbox"/> Is Zoning Compliance "Illegal"?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	If yes, <b>loan is not saleable.</b>
6	<input type="checkbox"/> Is the Highest & Best use of the subject property as improved the present use?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	If no, <b>loan is not saleable.</b>
7	<input type="checkbox"/> Are Electricity and Gas service public?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<p>If no, appraiser must explain; loan probably is not saleable.</p> <p><i>Note: If any of the utilities were not turned on when the appraiser inspected the property, all utilities must be turned on and the appraiser must re-inspect.</i></p>
8	<input type="checkbox"/> Are Water and Sewer service public?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<ul style="list-style-type: none"> <li>• If no, appraiser must explain, and</li> <li>• Review/apply the specific investor's requirements regarding well and/or septic inspections, and/or certifications.</li> </ul>
9	<input type="checkbox"/> Is the street public?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<ul style="list-style-type: none"> <li>• If no, appraiser must explain, and</li> <li>• An acceptable road use and maintenance agreement must be obtained that outlines how the road will be maintained, who pays for the maintenance of the road, and gives all homeowners on the road the right to use the road, and</li> <li>• If there is a road maintenance fee, that amount must be added into the DTI calculation.</li> </ul>
10	<input type="checkbox"/> Is the property in a Special Flood Hazard Area?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	If yes, confirm with Flood Certificate.
11	<input type="checkbox"/> Are the utilities and off-site improvements typical for the market area?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	If no, appraiser must explain; loan probably is not saleable.
12	<input type="checkbox"/> Are there any adverse site conditions or external factors?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	If yes, appraiser must explain; loan may not be saleable.

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Appraisal Section	Answer	Action Required
<b>IMPROVEMENTS</b>		
1	<input type="checkbox"/> Does the General Description, Design Amenities, Car storage, etc. match the photos of the subject property?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <ul style="list-style-type: none"> <li>If no, appraiser must explain discrepancies, and</li> <li>A revised appraisal report must be provided.</li> </ul>
2	<input type="checkbox"/> Are there acceptable reasons provided for the difference between Year Built and Effective Age?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <ul style="list-style-type: none"> <li>If no, appraiser must comment.</li> <li>An additional level of review/justification is required.</li> </ul>
3	<input type="checkbox"/> Are Exterior and Interior materials in average or better than average condition?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A If no, <b>loan is not saleable.</b>
4	<input type="checkbox"/> Is there evidence of Foundation settlement, dampness, or infestation?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <ul style="list-style-type: none"> <li>If yes, appraiser must comment, and</li> <li>Review/apply the specific investor's requirements regarding inspections needed.</li> </ul>
5	<input type="checkbox"/> Do the following items match the information included in the Comparable Sales Approach section? ▪ Design/Style     ▪ Actual Age ▪ Condition        ▪ Heating/Cooling ▪ Amenities         ▪ Car Storage ▪ Finished Area Above Grade room count and GLA ▪ Additional features (energy efficient items, etc.)	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <ul style="list-style-type: none"> <li>If no, appraiser must explain discrepancies, and</li> <li>A revised appraisal report must be provided.</li> </ul>
6	<input type="checkbox"/> Are any functional utility issues noted? (e.g., have to go through one bedroom to get to another bedroom, or only bathroom is on a different floor than the bedrooms)	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <ul style="list-style-type: none"> <li>If yes, appraiser must explain, and</li> <li>Comps in the Sales Comparison Approach must be adjusted accordingly.</li> </ul>
7	<input type="checkbox"/> Are there any Physical Deficiencies (e.g., roof leaks, water seepage, etc.), or Adverse Conditions (e.g., environmental issues, etc.) affecting livability, soundness, or structural integrity of the property?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <ul style="list-style-type: none"> <li>If yes, appraiser must explain, and</li> <li>All necessary repairs must be completed prior to closing, and</li> <li>Obtain an "Appraisal Update and/or Completion Report" (1004D) with photos.</li> </ul>
8	<input type="checkbox"/> Does the property conform to the neighborhood?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A If no, appraiser must explain; loan probably is not saleable.
<b>SALES COMPARISON APPROACH</b>		
1	<input type="checkbox"/> Do the first two lines (re: # of avail comps and sales prices) confirm the information included in the Neighborhood section?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <ul style="list-style-type: none"> <li>If no, appraiser must explain discrepancies, and</li> <li>A revised appraisal report must be provided.</li> </ul>
2	<input type="checkbox"/> Are comps within close proximity of subject based on neighborhood characteristics (e.g., Urban = < 1 mile, Suburban = 1 - 3 miles, or Rural = over 3 miles)?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A If no, appraiser to comment; may need additional comp(s).
3	<input type="checkbox"/> Do the comps located farther away from the subject have higher sales prices than the closer comps?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A If yes, appraiser to comment; may need additional comp(s).
4	<input type="checkbox"/> Does the sales price of the closed sale comps bracket the appraised value?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A If no, appraiser to comment; may need additional comp(s).
5	<input type="checkbox"/> Are Data Source(s) and Verification Source(s) used acceptable?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <ul style="list-style-type: none"> <li>If no, appraiser must comment, and</li> <li>A revised appraisal report must be provided.</li> </ul>
6	<input type="checkbox"/> Are Sale or Financing Concessions listed for any of the comps?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A If yes, appraiser must comment.
7	<input type="checkbox"/> Are comps dated within 6 months of the date of the appraisal?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A If no, appraiser must comment. <i>Note: If comps sold &gt; 12 months prior to the appraisal date, loan probably will not be saleable.</i>
8	<input type="checkbox"/> Did the appraiser give time adjustments?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <ul style="list-style-type: none"> <li>If yes, appraiser must comment, and</li> <li>Appraiser to address declining market concerns.</li> </ul>
9	<input type="checkbox"/> Do comps that sold longer ago have a higher sales price than more recent comps?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <ul style="list-style-type: none"> <li>If yes, appraiser must comment, and</li> <li>Appraiser to address declining market concerns.</li> </ul>
10	<input type="checkbox"/> Does the reported days-on-the-market of the comparables indicate a marketing time over six months?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <ul style="list-style-type: none"> <li>If yes, appraiser must comment, and</li> <li>Appraiser to address declining market concerns.</li> </ul>
11	<input type="checkbox"/> Are the Days-on-the-Market of the comparables consistent with the appraiser's range of marketing time included in the Neighborhood section?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <ul style="list-style-type: none"> <li>If no, appraiser must explain discrepancies, and</li> <li>A revised appraisal report must be provided.</li> </ul>

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Appraisal Section	Answer	Action Required
<b>SALES COMPARISON APPROACH (Continued)</b>		
12	<input type="checkbox"/> Do comps and the subject have similar characteristics, such as: <ul style="list-style-type: none"> <li>▪ Location</li> <li>▪ View</li> <li>▪ Actual Age</li> <li>▪ Quality of Construction</li> <li>▪ Above Grade Room Count</li> <li>▪ Above Grade GLA</li> <li>▪ Basement – Rooms &amp; GLA</li> <li>▪ Functional Utility</li> <li>▪ Heating/Cooling</li> <li>▪ Energy Efficient Items</li> <li>▪ Garage/Carport</li> <li>▪ Porch/Patio/Deck</li> <li>▪ Site</li> <li>▪ Design</li> <li>▪ Condition</li> </ul>	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A If no, appraiser must comment; probably need additional comp(s) that contain similar characteristic(s).
13	<input type="checkbox"/> Do comps bracket the subject's: <ul style="list-style-type: none"> <li>▪ Site Size</li> <li>▪ Actual Age</li> <li>▪ Gross Living Area</li> </ul>	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A If no, appraiser must comment; probably need additional comp(s) that bracket the subject's site size, age, and/or GLA. <i>Note: GLA of comps should be within 20% of subject's GLA.</i>
14	<input type="checkbox"/> Does the subject property have a unique design; (e.g., log home, earth/berm home, geodesic dome, etc)?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <ul style="list-style-type: none"> <li>• If yes, appraiser to comment; may need additional comps(s) with similar design, and</li> <li>• Review/apply the requirements in the applicable "Investor DU/LP Overlay Matrix" on the <a href="#">Conventional Underwriting</a> page on the CMC Intranet, and</li> <li>• Review/apply the investor's guidelines.</li> </ul>
15	<input type="checkbox"/> Is the Quality of Construction rating for the subject property Q1 - Q5? <i>(Added 8/15/2011)</i>	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <ul style="list-style-type: none"> <li>• If no:           <ul style="list-style-type: none"> <li>▪ Appraiser to amend the report to reflect the appraisal is made "subject to" completion of repairs/replacement of items needed to bring the quality of construction rating to at least a Q5.</li> <li>▪ All items needed to bring the construction quality rating to a Q1 - Q5 must be listed and:               <ul style="list-style-type: none"> <li>&gt; Completed prior to closing, or</li> <li>&gt; Escrowed for and completed within 8 days after funding (if all escrow completion-related requirements are met)</li> </ul> </li> </ul> </li> <li>• If the quality of construction rating for the property is Q6 and can't be brought to at least a Q5, <b>loan is not saleable.</b></li> </ul>
16	<input type="checkbox"/> Is the Condition rating for the subject property C1 - C4? <i>(Added 8/15/2011)</i>	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <ul style="list-style-type: none"> <li>• If no:           <ul style="list-style-type: none"> <li>▪ Appraiser to amend the report to reflect the appraisal is made "subject to" completion of repairs/replacement of items needed to bring the condition rating of the property to at least a C4.</li> <li>▪ All items needed to bring the condition rating to a C1 – C4 must be listed and:               <ul style="list-style-type: none"> <li>&gt; Completed prior to closing, or</li> <li>&gt; Escrowed for and completed within 8 days after funding (if all escrow completion-related requirements are met)</li> </ul> </li> </ul> </li> <li>• If the condition rating of the property is C5 or C6 and can't be brought to at least a C4, <b>loan is not saleable.</b></li> </ul>
17	<input type="checkbox"/> Does the subject have any auxiliary features (e.g., garage apt., guest house, etc)? <ul style="list-style-type: none"> <li>a) Is marketability demonstrated via acceptable comps?</li> <li>b) Should the property be considered a 2-4 family property?</li> </ul>	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <ul style="list-style-type: none"> <li>• If yes, answer question "a" and "b."</li> <li>• If answer to "a" is no, appraiser to provide additional comps(s) with auxiliary features.</li> <li>• If answer to "b" is yes, ensure correct appraisal report form is used, and</li> <li>• Review/apply investor's guidelines for 2-4 unit properties.</li> </ul>
18	<input type="checkbox"/> Are there any "additional" adjustments (i.e. pool, outbuildings, etc.)?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A If yes, appraiser to comment, and may need additional comps with similar "additional" features.
19	<input type="checkbox"/> Is the subject property description consistent with the General Description in the Improvements section?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <ul style="list-style-type: none"> <li>• If no, appraiser must explain discrepancies, and</li> <li>• A revised appraisal report must be provided.</li> </ul>
20	<input type="checkbox"/> Are there any "across the board" line adjustments?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A If yes, appraiser to comment; probably need additional comp(s) that don't require the adjustment.
21	<input type="checkbox"/> Are any line adjustments greater than 10%?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A If yes, appraiser to comment; probably need additional comp(s).
22	<input type="checkbox"/> Are net adjustments greater than 15%?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A If yes, appraiser to comment; probably need additional comp(s).
23	<input type="checkbox"/> Are gross adjustments greater than 25%?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A If yes, appraiser to comment; probably need additional comp(s).

# Appraisal Review Checklist

## Conventional Conforming Transactions



Appraisal Section	Answer	Action Required
<b>SALES COMPARISON APPROACH (Continued)</b>		
24	<input type="checkbox"/> Did appraiser research the sale/transfer history of subject and comps?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <ul style="list-style-type: none"> <li>If no, appraiser to complete the section, and</li> <li>A revised appraisal report must be provided.</li> </ul>
25	<input type="checkbox"/> If the subject property was sold within the past 12 months, has a "flip" occurred?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A If yes, review/apply the investor's guidelines.
26	<input type="checkbox"/> If the subject property was sold within the past three years, is the current appraised value less than the prior sale?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <ul style="list-style-type: none"> <li>If yes, appraiser must comment, and</li> <li>Appraiser to address declining market concerns.</li> </ul>
27	<input type="checkbox"/> If one or more of the comparable properties has a prior sale within the past 12 months, did the most recent sales price decreased from the prior sales price?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <ul style="list-style-type: none"> <li>If yes, appraiser must comment, and</li> <li>Appraiser to address declining market concerns.</li> </ul>
28	<input type="checkbox"/> If subject was purchased in the past few years, is the rate of appreciation since the purchase reasonable?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <ul style="list-style-type: none"> <li>If no, appraiser must comment.</li> <li>An additional level of review/justification is required.</li> <li><i>Note: If appreciation is due to upgrading, the improvements must be more than maintenance-related and/or cosmetic.</i></li> </ul>
29	<input type="checkbox"/> Are subject and comps void of foreclosure or non-arm's length transactions?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <ul style="list-style-type: none"> <li>If no, appraiser to comment.</li> <li>An additional level of review/justification is required.</li> </ul>
30	<input type="checkbox"/> If the subject property was an REO or is in an area where there is significant REO activity, was the appraised value impacted?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A If yes, or appraiser did not acknowledge, appraiser must comment. <i>Note: Neighborhoods with a high inventory of REOs competing with the subject property could impact the value.</i>
31	<input type="checkbox"/> Is the Market Value bracketed by the Adjusted Sales Price of the Comparables?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A If no, appraiser to comment; probably need additional comp(s).
<b>RECONCILIATION</b>		
1	<input type="checkbox"/> Is the appraisal made "as is"?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <ul style="list-style-type: none"> <li>If yes, ensure appraiser checked "No" to the question, "Are there any physical deficiencies or adverse conditions that affect the livability, soundness, or structural integrity of the property" in the Improvements section.</li> <li>If no, and subject to completion of repairs, ensure that needed repairs are listed, and</li> <li>All necessary repairs must be completed prior to closing, and</li> <li>Obtain an "Appraisal Update and/or Completion Report" with photos.</li> </ul>
2	<input type="checkbox"/> Is the appraisal more than 90 days old?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <ul style="list-style-type: none"> <li>If yes, review/apply the requirements in the applicable "Investor DU/LP Overlay Matrix" on the <a href="#">Conventional Underwriting</a> page on the CMC Intranet, and</li> <li>Review/apply the investor's guidelines.</li> </ul>
3	<input type="checkbox"/> Is the Market Value supported by the Sales Comparison Approach, Cost Approach (if developed) and Income Approach (if developed)?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A If no, <b>loan is not saleable.</b>
4	<input type="checkbox"/> Does the market value support the sales price on a purchase transaction?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <ul style="list-style-type: none"> <li>If no, appraiser must provide comments.</li> </ul>
<b>ADDITIONAL COMMENTS</b>		
1	<input type="checkbox"/> Are there any comments that identify a situation that negatively impacts safety, habitability or marketability of the property?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <ul style="list-style-type: none"> <li>If yes, appraiser to provide additional detail as needed.</li> <li>An additional level of review/justification is required; loan may not be saleable.</li> </ul>
2	<input type="checkbox"/> Do any comments contradict other information in the appraisal/inspection report?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <ul style="list-style-type: none"> <li>If yes, appraiser to provide additional detail as needed, and</li> <li>Provide revised appraisal report.</li> </ul>
<b>COST APPROACH</b>		
1	<input type="checkbox"/> If the site value exceeds 30%, did the appraiser provide an acceptable explanation?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <ul style="list-style-type: none"> <li>If no, appraiser must comment, and</li> <li>Review/apply the investor's guidelines,</li> </ul>
2	<input type="checkbox"/> If there is above average physical, functional and/or external depreciation, did the appraiser provide acceptable comments?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <ul style="list-style-type: none"> <li>If no, appraiser must comment.</li> <li>An additional level of review/justification may be required.</li> </ul>
3	<input type="checkbox"/> If Remaining Economic Life is listed, is it longer than the term of the loan?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <ul style="list-style-type: none"> <li>If no, <b>loan is not saleable.</b></li> </ul>

# Appraisal Review Checklist

## Conventional Conforming Transactions



Appraisal Section	Answer	Action Required
<b>INCOME APPROACH</b>		
1	<input type="checkbox"/> If this section is completed, does the report contain the supporting comparable rental and sales data, and the calculations used to determine the gross rent multiplier?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A If no, appraiser to provide missing information/documentation.
2	<input type="checkbox"/> Is the income approach section completed even though the subject neighborhood consists mostly of owner-occupied primary residence properties?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A If yes, the income approach should not be "factored" into the final market value determination.
<b>PUD INFORMATION</b>		
1	<input type="checkbox"/> Did the appraiser complete this section if the developer/builder is in control of the HOA, AND the PUD consists of attached units?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A If no, the appraiser must complete the PUD Information section. <i>Note: Follow the more restrictive of Fannie Mae/Freddie Mac guidelines or the investor's specific requirements for PUD project reviews.</i>
<b>APPRAISAL ADDENDA / OTHER</b>		
1	<input type="checkbox"/> Are all pages of appraisal report or inspection report included? ▪ Form 1004, 1073, 1075, 2055 – 6 pages ▪ Form 1025 – 7 pages ▪ Form 2070 – 2 pages ▪ Form 2075 – 1 page	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A If no, appraiser must provide a revised appraisal report containing all pages.
2	<input type="checkbox"/> Is the appraisal signed, dated and all appraiser information included?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A If no, appraiser must provide a revised appraisal report containing his/her signature, date and any missing information.
3	<input type="checkbox"/> Is the appraisal dated prior to the loan application date?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A If yes, ensure all <a href="#">Appraisal Transfer Policy</a> requirements have been met.
4	<input type="checkbox"/> Is the appraisal dated prior to the sales contract?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A • If yes, appraiser to comment, and • An additional level of review/justification may be required, and • It may be necessary to order a new appraisal report.
5	<input type="checkbox"/> Does the information included on the Appraiser signature page match data entered in other sections (e.g., Subject and Reconciliation sections)?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A If no, appraiser to provide a revised appraisal report.
6	<input type="checkbox"/> Does the appraisal contain all required exhibits/attachments (see "Exhibit" section on next page)?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A If no, appraiser to provide the missing Exhibits.
7	<input type="checkbox"/> Are subject photos and building sketch consistent with appraiser's description of the property in the Improvements and Sales Comparison Approach section?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A If no, appraiser to comment; may need additional comp(s).
8	<input type="checkbox"/> Do photos of subject and comps look similar in quality of construction, design and appeal?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A If no, appraiser to comment; may need additional comp(s).
9	<input type="checkbox"/> Per the location map, are comps located within the subject market area as described in the Neighborhood section?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A If no, appraiser to comment; may need additional comp(s).
10	<input type="checkbox"/> Is a copy of the appraiser's unexpired state license or state certification included with the appraisal report?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A • If no, appraiser to provide a copy of his/her unexpired state license/certification, and • Ensure that the appraiser's state license/certification meets the investor's appraiser qualification requirements.
11	<input type="checkbox"/> Does the appraiser's license/certification number on the appraisal match the number on the actual license/certification?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A If no, appraiser must provide a revised appraisal report.
12	<input type="checkbox"/> If any of the following Exhibits were required, were they executed by the appraiser? ▪ Comparable Rent Schedule (Form 1007) ▪ Operating Income Statement (Form 216) ▪ Market Conditions Addendum (Form 1004MC)	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A If no, appraiser to provide the revised Exhibits containing his/her signature, date and all required information.

# Appraisal Review Checklist

## Conventional Conforming Transactions



EXHIBITS <sup>1</sup>					
	1004 & 1073 <sup>2, 6</sup> (Interior & Exterior)	1025 <sup>2, 6</sup> (Interior & Exterior)	1075 & 2055 <sup>3, 6</sup> (Exterior Only)	2070 – FHLMC Only <sup>4</sup> (Exterior Only)	2075 <sup>5</sup> (Exterior Only)
Photos of Subject	Front, Rear & Street	Front, Rear & Street	Front	Front	Front
Photos of Comps	Front	Front	Front		
Interior Photos <sup>2</sup>	Yes	Yes			
Building Sketch	Yes	Yes			
Est. GLA Calculation	Yes	Yes			
Map - Subject	Yes	Yes	Yes	Yes	Yes
Map - Sales Comps	Yes	Yes	Yes		
Map - Listing Comps	Yes	Yes			
Map - Rental Comps		Yes			
1004MC <sup>6</sup> Market Conditions Add.	Yes	Yes	Yes		
1007 Comparable Rent Schedule	Investment – 1 unit				
216 Operating Income Stmt.	Investment Property	Yes			

<sup>1</sup>Follow the more restrictive of the requirements listed in this matrix or those included in the investor's guidelines.

<sup>2</sup> The interior photographs listed below are required on all interior & exterior appraisal reports (i.e., FNMA Form #: 1004, 1073 & 1025):

- Kitchens
- All Bathrooms
- Main living area
- Any physical deterioration, if applicable
- Recent updates, if applicable (For example: restoration, remodel or renovation)

**NOTE: If the subject is a 2-4 unit property, photos of the kitchen, bathroom, living area, etc. in every unit must be provided by the appraiser.**

<sup>3</sup>**Exterior – Appraisal Report.**

- When DU recommends an appraisal with an exterior-only inspection, ensure that appraiser:
  - Provides descriptions of the physical characteristics of the property based on reliable data sources for the property and location
  - Uses the same type of data sources used for comparable sales.
- Obtain a full appraisal with an interior and exterior inspection if:
  - The property does not conform to the neighborhood,
  - Adverse physical deficiencies or environmental conditions are observed, or
  - Data sources do not provide sufficient information about the property to perform the appraisal

<sup>4</sup>**LP Condition & Marketability Report (FHLMC Form 2070).**

Obtain a full appraisal with an interior and exterior inspection if:

- Appraiser is unable to adequately view the subject property from the street,
- Appraiser observes any factor that may have an adverse effect on the marketability of the subject property,
- Quality or condition of the property appears unacceptable to the typical purchaser in the area in which the subject property is located, or
- Condition and Marketability Factors section of Form 2070 indicates this upgrade is required

<sup>5</sup>**DU Property Inspection Report (FNMA Form 2075).**

Obtain a full appraisal with an interior and exterior inspection if:

- The appraiser observes apparent adverse:
  - Physical deficiencies or conditions, or
  - Environmental conditions are observed,
- The subject property does not conform to the neighborhood, or
- Factors that would adversely affect marketability are observed

<sup>6</sup>**Appraiser must use 1004MC form dated March 2009**

**Important Note: If MI is required, a full appraisal must be obtained regardless of the appraisal requirements listed on the LP/DU Findings!**

PREPARER INFORMATION	
Preparer's Name	Date Completed
Preparer's Title	Preparer's Phone Number