



FHA APPRAISAL CHECKLIST

The Appraisal Checklist is provided to identify any potential appraisal or value issues. When using the Appraisal Checklist, if the answer to any question is "yes," further review or explanation may be required. Comments or recommended practices are provided in bold text below each question.

Question	Yes	No
<p>1. Is the appraisal more than 180 days old?</p> <p>FHA Appraisals may be no more than 180 days old on existing construction, and 365 days for new construction. Additional consideration regarding market trends should be given to appraisals more than 90 days old.</p>		
<p>2. In reviewing Housing Trends in the Neighborhood section of the appraisal, are any of the following trends indicated?</p> <ul style="list-style-type: none"> a. Property Values – Declining b. Demand/Supply – Over-supply c. Marketing Time – Over six months <p>If yes to any of the above, additional/second appraisal requirements may apply.</p>		
<p>3. Is the Market Conditions Addendum (Fannie Mae Form 1004MC) missing? (This form is required for all appraisal dated on or after April 1, 2009)</p> <p>Declining trends in the market will be identified by the conclusions of the 1004MC form, if the 1004MC indicates a declining trend, additional/second appraisal requirements may apply.</p>		
<p>4. In reviewing the narrative sections of Supplemental Addendums of the appraisal, does the appraiser make any comments such as: declining property values, and oversupply of homes for sale, increased marketing time, an excessive supply of homes on the market, or anything else that would indicated a declining market?</p> <p>If yes to any of the above, additional/second appraisal requirements may apply.</p>		
<p>5. Are the comparable sales more than 90 days old and no current listing or pending sale provided? (In a declining market a minimum of two Arms-Lengths MLS-verified sales within 90 days, and at least two current listing or pending sale, must be provided).</p> <p>If yes, the appraiser must provide a detailed explanation of why the requirements were not met and the property value was adjusted as a result.</p>		
<p>6. On purchase transactions, if there are any interested-party contributions, concessions, or builder incentives, did appraiser comment on whether they are unusual, excess, or have significant impact to the sale price?</p> <p>If a purchase transaction, the appraiser must be provided with an executed copy of the purchase contract. Excessive seller or builder concessions should be deducted from the sales price/value of the property for the purpose of determining the loan-to-value. In addition, the appraiser should specifically address the affect excessive concessions had on the sales price of the comparables as well as the valuation of the subject.</p>		



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<p>7. Does the listing history indicate that the subject property has been listed for sale during the past year?</p> <p>Incomplete listing histories are a USPAP violation. If the appraisal does not include the listing histories of subject and all comparable properties, it should be rejected.</p>		
<p>8. If yes to question 6, was the appraised value greater than or equal to the prior listing price?</p> <p>When considering current market conditions an increase in the value of the property would not be expected unless it has been owned by the borrower or seller for an extended period of time.</p>		
<p>9. Does the appraised value fall outside of the price range of comparable properties (sales and listing prices) as indicated in the Neighborhood section of the appraisal?</p> <p>While it is not a USPAP requirement to provide comparable listing to support appraised value, it is a good practice to provide comparables since these properties would be competing with the subject in an open market and would either support or refute the appraised value.</p>		
<p>10. If the subject property was sold within the past three years, is the current appraised value less than the prior sales price (a decrease may indicate a declining market)?</p> <p>When considering current market conditions an increase in the value of the property would not be expected unless it has been owned by the borrower or seller for an extended period of time. The appraiser must analyze the change in value of the subject from the prior sale.</p>		
<p>11. If one or more of the comparable properties has a prior sale within the past 12 months, did the most recent sales price decrease from the prior sales price (a decrease may indicate a declining market)?</p> <p>When considering current market conditions an increase in the value of the property would not be expected unless it has been owned by the borrower or seller for an extended period of time. Appraiser must analyze the change in value of the comparables from the prior sales price.</p>		
<p>12. Do the reported days-on-market of the comparables indicate a marketing time over six months?</p> <p>The appraiser must report the days-on-market of the subject and the comparable sales. If the appraisal does not include this information, it should be rejected. If the marketing time is over six months, additional/second appraisal requirements may apply.</p>		



PLAZA HOME MORTGAGE, INC.

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<p>13. If the subject property was an REO or in an area where there is significant REO activity, was the appraised value impacted?</p> <p>An REO sale may not necessarily decrease the value of a particular property. However, since REOs are often discounted dramatically and offer concessionary financing, neighborhoods with a high inventory (in excess of 15%) of REOs competing with the subject property could impact the value.</p>		
<p>14. Does the location of the comparable sales cross any major boundaries or appears to be outside of the neighborhood of the subject property?</p> <p>The map of the comparable sales should be carefully reviewed to ensure that it has not been altered to misrepresent the proximity of the comparables. If the map does not provide a distance scale, underwriters are encouraged to use one of the mapping programs available on the Internet to determine the comparables' proximity to the subject property.</p>		
<p>15. Are comparables different from the subject property in regards to age, site size, gross livable area, condition, and upgrades? (These property characteristics must be bracketed by the comparable sales [i.e., one comparable larger than the subject and one comparable smaller].)</p> <p>As interior amenities change over time it is important that the age of the comparables, particularly for recent built properties, do not go beyond a 10-year period (for example, outdated kitchen and bathrooms have a significant impact to marketability).</p>		
<p>16. From the front/street view do the pictures of the subject property and the comparable sales clearly show that they are <u>not</u> similar in quality of construction, design, or appeal?</p> <p>The quality, design, and appeal of the comparables should be similar to the subject. In addition, public amenities such as sidewalks and gutters should be consistent between the subject and the comparables.</p>		

NOTE: The appraisal checklist is to be used as a tool to help identify potential issues within the body of the appraisal. It is not intended to capture all collateral requirements as outlined in the HUD Handbook or Plaza's published FHA Guidelines. Always refer to program guidelines for loan level eligibility. Contact Corporate Underwriting for guidance if your not full satisfied all value concerns have been properly addressed to support the transaction.