

Referencing Fannie Mae and Freddie Mac Conventional Guidelines

Single Family Appraisal Report type required: **1004 Traditional**

For Condominiums use 1073, Manufactured Homes use 1004C, 2-4 Family use 1025 and for Cooperatives use 2090.

The appraisal job aid is a TOOL only and does not constitute an approval of the appraisal.

Use of the appraisal job aid is not a requirement for Essent mortgage insurance.

APPRAISAL TYPE		
Yes <input type="checkbox"/>	No <input type="checkbox"/>	Do you have the correct appraisal report form (or better) as requested by the DU® Finding or Loan Product Advisor® Feedback?

PHOTOS/LOCATION MAP (Addenda)				Actions/Comments/Notes
Look at these first!				
<i>Review the photos and the map first. Look for any obvious problems and/or inconsistencies.</i>				
1.	Does the subject appear to need repairs?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If Yes – If Appraiser did not require repairs to be completed, the Appraiser must comment on the effect on value and marketability and should provide a cost to cure.
2.	Do the comps appear to be similar to the subject in appearance/design and condition?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	Check location map to ensure sales are from subject's neighborhood.
3.	Do the photos and map of the subject coincide with the descriptions in the neighborhood section regarding built up/density and location (urban, suburban, rural)?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If No – Have Appraiser provide necessary clarifications and/or corrections.
4.	Does the street view show any negative external influences?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If Yes – Appraiser must comment on any external influences and their effect on the value and marketability of the subject property.
5.	Is the subject located near any negative external influences (highways, railroad tracks, commercial land uses, etc.)?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If Yes – there should be at least one comp that has the same influence or an explanation that none were found and the Appraiser must explain any impact (positive or negative) that these items may have on the value and marketability of the subject property.
6.	Are the comps located near any positive external influence (golf course, mountains, lakes, river, beach, etc.)?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If Yes – If all comps are located near the same type of external influence and the subject property is NOT, then the Appraiser should provide additional comps not located near the same type of external influence or provide narrative explanation (even if no adjustments were made) in order to validate what effect this influence has on market value.

SUBJECT				Actions/Comments/Notes
<i>Review the Subject section for consistency. Verify that the information contained in this section matches the information stated in the loan file. Verify that all fees, taxes and assessments have been included in the borrower's monthly PITIA.</i>				
7.	Does the property address match the loan application and the sales contract (if applicable)?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If No – Appraiser and/or Lender must clarify and make appropriate corrections.
8.	Is the owner of record consistent with the loan file documentation?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If No – Appraiser should clarify and make appropriate corrections. HINT: If refinance of primary residence, the Borrower and owner of record should be the same and occupancy should be owner, not tenant or vacant. If purchase and the seller listed on the contract is not the owner of record, make sure you do not have an improper flip transaction.
9.	Are the property rights appraised fee simple?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If No – Check Lender guidelines for leasehold acceptability.
10.	Is the subject property located in a PUD or CONDO Project?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If Yes – Look for HOA fees. If PUD – PUD section may need to be completed. NOTE: Except for Site Condos that are located in projects that consist exclusively of detached dwellings, condos must be appraised on Form 1073.
11.	Does the special assessments field contain an amount?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If Yes – include the monthly amount in the PITIA.
12.	Does the amount of the monthly taxes listed on the appraisal support the amount shown in the PITIA payment?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If No – Correct PITIA. NOTE: If new construction, confirm accurate amount.
13.	Has the subject been listed for sale within the 12 months preceding the appraisal date?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If Yes, Cash Out Transactions – Properties listed for sale must have been taken off the market on or before the disbursement date of the new mortgage (FNMA B2-1.3-02)

CONTRACT				Actions/Comments/Notes
<i>The appraiser is required to complete this section for all Purchase transactions. Verify that the information in the section is consistent with the information contained in the sales contract.</i>				
14.	Did the Appraiser review the sales contract?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If No – Appraiser must review the sales contract on all purchase transactions.
15.	Does the information in this section of the appraisal agree with the information on the sales contract?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If No – Appraiser needs to clarify and make corrections.
16.	Are there any indicated seller concessions?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If Yes – Confirm that the financing concessions meet agency guidelines.

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NEIGHBORHOOD				Actions/Comments/Notes
<i>The information provided in this section will set the basis for the remainder of the report. Review closely for inconsistencies with other sections of the report.</i>				
17.	Is the location rural?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	NOTE: Pay attention to the other characteristics of the property (zoning, land use, degree of development, etc.) to determine whether property should be considered agricultural (as opposed to residential). Keep in mind agricultural or similar zoning may allow residential use.
18.	Is the neighborhood less than 25% built up?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	The degree of development may indicate whether property is residential in nature. Be sure that the property is not, in fact, agricultural in nature.
19.	Are property values declining?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If Yes – Check Investor guidelines. NOTE: Maximum financing on properties in a declining market may be limited. Check investor guidelines.
20.	Does the demand/supply reflect an over-supply?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If Yes – Check Investor guidelines. Appraiser must comment on the reason and its effect on the subject's value. NOTE: IF Appraiser indicated that values are stable, further comments are warranted as this is possibly an indication of a market transitioning to declining.
21.	Is the marketing time more than six months?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If Yes – Appraiser must comment on the reason and its effect on the subject's value. NOTE: If Appraiser indicated that values are stable, further comments are warranted as this is possibly an indication of a market transitioning declining.
22.	Is the sales price or appraised value higher than the predominant neighborhood price?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If Yes – Appraiser must comment on whether the subject property is an over improvement and the effect on marketability.
23.	Are there any land use changes (i.e. residential to commercial)?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If Yes – Appraiser must indicate the anticipated land use and comment on its effect on marketability of subject property.
24.	Are the appraiser's comments consistent with the other neighborhood information?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If No – Appraiser to provide further clarification. Example: Property Values are indicated as stable but Demand/Supply is indicated to be an Over Supply.

SITE				Actions/Comments/Notes
<i>Information in the Site section includes the legal and practical uses of the property and the line entries on the appraisal will help to establish the effect on the marketability.</i>				
25.	Does the site area meet the Lender's guidelines (i.e. maximum acreage limitations)?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If No – Loan may need to be declined or switched to another program that allows amount of acreage.
26.	Is the zoning classified as non-conforming or illegal?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If Yes – Legal Non-Conforming (Grandfathered use): <ul style="list-style-type: none"> 1-4 family or PUD – Appraiser's analysis must reflect any adverse effect on the value and marketability of the property. Most Investors require that properties can be rebuilt in the event of partial or full destruction. Condo or Co-op – Appraiser must indicate that property can be rebuilt in the event of partial or full destruction. Illegal use: <ul style="list-style-type: none"> 1 unit with illegal additional unit or accessory apartment (i.e. mother-in-law suite) – must conform to the subject neighborhood and market. Appraiser must demonstrate that improvements are typical for market by providing at least 2 comps that have the same illegal use. Check investor guidelines carefully regarding eligibility. NOTE: The size and value of the additional unit (apartment, etc.) should be of insignificant value as compared to the total value. <ul style="list-style-type: none"> 2-4 units with any accessory dwelling unit – IS NOT eligible for sale to Fannie Mae (Freddie will allow legal ADU's for 2- & 3-unit properties). No Zoning: <ul style="list-style-type: none"> The property must be residential in nature based on the characteristics of the subject property, zoning and present land use. (FNMA B4-1.3-05 and FHLMC 5601.2)
27.	Is the present use indicated to be the highest and best use as improved?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If No – Agencies will not purchase properties that do not constitute the highest and best use and it must be residential.
28.	Is the property located on a private road?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If Yes – Recorded road maintenance agreement is typically required. GSE's may allow Lender to indemnify them from losses or expenses related to physical condition of the street.
29.	Are there any negative comments in the site section?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If Yes – Carefully review to make sure there is not anything that would have a negative effect on marketability of subject.

IMPROVEMENTS				Actions/Comments/Notes
<i>The Improvements section will describe the structure as well as any unique features of the subject property.</i>				
30.	Is there a substantial difference between the actual age of the property and the effective age?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If Yes – Did the Appraiser provide a reasonable explanation for the substantial difference in actual age and effective age? Additionally, is the effective age consistent with the condition rating and any condition description given for the subject property?
31.	Is there an indication of foundation dampness, settlement or infestation?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If Yes – Appraiser must comment on the effect on marketability and value of the subject and make the report “subject to”. The underwriter may need to condition for evidence that the problem has been corrected or to provide a professional report indicating that the problem does not pose any threat of structural damage to the improvements.
32.	Does the room count and square footage agree with page two of the report and the building sketch?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If No – Appraiser must correct. NOTE: Pay particular attention to any below grade area to make sure Appraiser is not including this in the gross living area unless a reasonable explanation is provided by the Appraiser and the GLA is calculated in a consistent manner for the subject property and comparable sales.
33.	Does the exterior or interior materials/condition description reflect any “fair, poor or inadequate” ratings?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If Yes – Appraiser must address impact on value and marketability and make appropriate adjustments in the sales comparison section.
34.	Are there any negative comments in the improvements section if appraisal is “not” subject to repairs?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If Yes – Appraiser will need to comment. See UAD job aid if needed. FNMA – C-6 subject to repair, FHLMC – C5 or C-6 subject to repair.

SALES COMPARISON APPROACH				Actions/Comments/Notes
<i>In this section review the comparables in relation to the subject property, pay special attention to large adjustments and verify that they are adequately supported in the Appraiser’s comments. Review all information to determine if the comparables adequately support the final value of the subject property.</i>				
35.	Did the Appraiser indicate number of comparable properties currently listed and sold in the neighborhood?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If No – Request that the Appraiser complete.
36.	Is the source of data acceptable?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If No – Appraiser must re-verify the data with a party that is acceptable or use additional sources. NOTE: The Appraiser must use a source that provides quality sales data that is confirmed or verified by closed or settled transactions. Data from a source with a financial interest in the sale or financing of subject property must be verified by a disinterested source.
37.	Are the comparable sales located within subject neighborhood?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If No – Appraiser should adequately explain why he has chosen comps outside of the neighborhood and why a competing neighborhood is comparable to the subject neighborhood. NOTE: Leaving the neighborhood may be justified when: - Site influence (water, golf course, etc.) - Few sales, few listings (undersupply). - Unique area (historical, etc.). - Rural or non-conforming area.
38.	Are there three comparable sales within 12 months of the appraisal date?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If No – Appraiser must explain reasoning for using comp(s) older than 12 months. “FNMA B4-1.3-08 and FHLMC 5605.06 (g). Older comps may be used if the Appraiser believes it is appropriate and selects comps that are the best indicators of value and the Appraiser provides a narrative that supports the need for using older comps.
39.	Is property in a new subdivision or a new (or recently converted) condo or PUD project?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If Yes – Appraiser must provide at least 1 comp for the subject subdivision or project and one comp from outside the subject subdivision or project. NOTE: GSE’s will accept two pending sales in lieu of one closed sale in the subject subdivision or project in the event closed sales are not yet available. Must have three closed sales. FNMA B4-1.3-08 and FHLMC 5605.6(g)(ii)
40.	Are the comparables similar to the subject? Compare the locations, designs, gross living areas, room counts, ages, conditions and other amenities of the comparables to the subject.	Yes <input type="checkbox"/>	No <input type="checkbox"/>	The Appraiser must explain why the specific comps were chosen. Adjustments to the comparables must be reasonable and should be explained and supported. BE AWARE OF: Use of across-the-board adjustments (particularly if not explained or supported by information). Square footage adjustments that are not consistent for each comp. NOTE: For properties in Rural areas and Small Communities large adjustments can often be expected. In these situations, verify that the Appraiser has used sound judgement and provides reasonable explanations for large adjustments.
41.	Is our subject a Non-Traditional/Atypical home (Log, Earth, Geodesic)?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If Yes – Check Investor guidelines for acceptable property types. Most Investors will require that at least 1 of the comps be of the same design. NOTE: For FNMA and FHLMC The property is Acceptable – If the Appraiser cannot locate recent comps of the same design and appeal, but is able to determine sound adjustments for the differences to demonstrate the marketability of the property – based on older comps, comps in competing neighborhoods, existence of similar properties in the market area, etc. The property is NOT Acceptable – If the Appraiser is unable to find any evidence of market acceptance and the property is so significantly different that value cannot be established.
42.	Has the subject had any prior sales or transfers within the 3 years receding the effective date of the appraisal?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If Yes – review Investor and MI guidelines. Note any increase in value and verify that it is reasonable and supported. If necessary, request that the Appraiser provide further information on previous sales and any repairs/renovations including the dollar amount associated with the repairs/renovations.
43.	Have the comps had any prior sales or transfers for the year prior to the date of sale of the comparable sale?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If Yes – The Appraiser should provide an analysis of prior sales or transfer history.

RECONCILITATION				Actions/Comments/Notes
<i>This section provides the final estimate of market value.</i>				
44.	Is the appraisal made "subject to completion, repairs or inspections"?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If Yes – Condition for property completion/repairs/inspections.
45.	Is the appraisal less than 1 year old and will it be at the time of loan closing?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If No – A new appraisal is required.
46.	Is the appraisal less than 120 days old and will it be at the time of loan closing?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If No – The Appraiser must inspect the exterior of the property and provide an Appraisal Update and/or Completion Report (Form 442/1004D) indicating that the property has not declined in value. Check Investor and MI guidelines.
47.	Explain why Market Value is or is not supported?			

COST APPROACH				Actions/Comments/Notes
<i>The Cost Approach section is only required when the Appraiser is relying on this method to determine the value of the property. Note that while it may not be required, if the section is completed, the underwriter is required to review and consider the information.</i>				
48.	Has the cost approach section been completed?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If Yes – the underwriter is required to review the section even if the completion was not required. NOTE: GSE's agree that appraisal reports that rely primarily on the cost approach to estimate market value are unacceptable.
49.	Is the land to value ratio typical for the area?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If No – Make sure loan is for residential property as opposed to a land development or agricultural loan. Be sure to check Investor guidelines.
50.	Is the indicated value by Cost Approach in line with the Sales Comparison Approach?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If No – Appraiser should comment on the appropriateness of using the Cost Approach and explain why there is a significant different in value.

PUD				Actions/Comments/Notes
51.	When the property is in a PUD and the developer/builder is in control of the HOA AND it is an attached unit, has the Appraiser completed this section?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If No – Condition as prior to close for the Appraiser to complete this section. of the appraisal.

1004MC				Actions/Comments/Notes
52.	Has the Market Conditions Addendum been completed?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	NOTE: No longer required by FNMA 9.4.2018 and FHLMC 8.30.2018.

APPRAISER SIGNATURE AND CERTIFICATION				Actions/Comments/Notes
53.	Is the Appraiser on the Lender's approved list or employed by an approved AMC?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If the Lender or Investor uses an approved list, be sure to verify that the Appraiser is approved. If the Lender or Investor has an exclusionary list, verify that the Appraiser is not listed.
54.	Is the appraisal signed and dated?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If No – Condition as a prior to close for the Appraiser to sign and date the appraisal.
55.	Is the appraiser's certification and license number and expiration date entered?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If No – Condition as a prior to close for the Appraiser to complete certification and license #.
56.	If required, has the supervisory information been completed and signed by supervisor?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If No – Condition is prior to close for the Supervisory Appraiser to complete and sign.

Date of Appraisal:

Appraised (Market) Value:

Are any changes required? Are there conditions associated with the appraisal report? Are there any clarifications required of the Appraiser?

Additional Notes: