

# Appraisal Checklist

Loan # \_\_\_\_\_ Borrower Name \_\_\_\_\_

Single Family Appraisal or Marketability Report type required:

1004   
  2055 Exterior Only   
  2070 Exterior Only   
  2075 Exterior Only

\*This appraisal checklist is a TOOL only and does not constitute an approval of the appraisal.  
 \*\*For Condominiums use 1073 or 1075, Manufactured Homes use 1004C, and for 2-4 Family use 1025.

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

	ADDENDA/PHOTOS/LOCATION MAP <i>Look at these first!</i>				ACTIONS/COMMENTS	NOTES
<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 – And appraiser did not require repairs to be completed, the appraiser must comment on repairs and provide 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"/>		If No – Check location map to insure sales are from subject's neighborhood.	
3.	Do the photos and map of the subject coincide with the descriptions in the neighborhood section with regard to build up and density (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 boarded-up or vacant buildings?	Yes <input type="checkbox"/>	No <input type="checkbox"/>		If Yes – Appraiser must comment on any external inadequacies of the surrounding neighborhood and whether area is in a state of rehab or decline.	
5.	Is the subject located near any external influences (highways, railroad tracks, mountain, golf course, etc.)?	Yes <input type="checkbox"/>	No <input type="checkbox"/>		If Yes – there must be at least one comp that has the same influence and the appraiser must explain any impact (positive or negative) that these items may have on our subject's marketability.	
6.	Are the comps located near any external influences?	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 must provide additional comps (even if no adjustments were made) in order to validate what effect this influence has on market value.	

	SUBJECT				ACTION/COMMENTS	NOTES
<i>Review the Subject section for consistency. Verify that the information contained in this section matches the information in stated in the loan file. Verify that all fees, taxes and assessments have been included in the borrower's monthly PITI.</i>						
7.	Does the property address match the loan application and the sales contract?	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.  <b>HINT:</b> If refinance of primary residence, borrower and owner of record should be same and occupancy should be owner, not tenant or vacant. If purchase and seller is an LLC, pay attention to the remainder of the appraisal to make sure you do not have a flip transaction. Many transactions involving LLC's have resulted in flips and inflated values.	
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 – <ul style="list-style-type: none"> <li>▪ Look for HOA fees.</li> <li>▪ If PUD – PUD section may need to be completed.</li> </ul> <b>NOTE:</b> With the exception of Site Condos that are located in projects that consist exclusively of detached dwellings, condos must be appraised on Form 1073 or Form 1075 (Form 1075 may be used only when allowed by DU or LP).	
11.	Does the special assessments field contain an amount?	Yes <input type="checkbox"/>	No <input type="checkbox"/>		If Yes – include in monthly PITI (if it will be a monthly charge).	
12.	Does the amount of monthly taxes listed on the appraisal support the amount shown in the PITI payment?	Yes <input type="checkbox"/>	No <input type="checkbox"/>		If No – Correct PITI.  <b>NOTE:</b> 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 – Check investor guidelines. Properties listed for sale in the last 6 to 12 months may not be eligible for individual investors or programs.  <b>NOTE:</b> If Refinance, property cannot currently be	

				listed. If it is listed (unless investor guidelines differ) it should be removed from the market – Appraiser must verify its removal and an acceptable explanation letter from borrower is required.	
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CONTRACT		ACTIONS/COMMENTS		NOTES	
<i>The appraiser is required to complete this section for all Purchase transactions. Verify that the information in this sections 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 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.  Sales concessions (personal property, membership fees, etc.) require adjustments to sales price.  Be prepared to review adjustments to comps if needed.	

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"/>	If Yes – Check investor guidelines for rural property.  <b>NOTE:</b> 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)	
18.	Does the location designation match what the map reflects (urban, suburban, rural)?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If No – Appraiser must provide an acceptable explanation for differences.	
19.	Is the neighborhood less than 25% built up?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If Yes – Appraiser must provide acceptable comments on degree of development.  <b>NOTE:</b> Degree of development may indicate whether property is truly residential. Be sure that the property is not, in fact, agricultural in nature. In addition, be sure that the appraiser has not used “built up” to describe the subdivision alone.	
20.	Are property values declining?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If Yes – Check investor guidelines.  <b>NOTE:</b> Most investors (as well as RMIC) will not allow maximum financing on properties in a declining market. Loan amount may need to be adjusted down.	
21.	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 affect on the subject’s value.  <b>NOTE:</b> If appraiser indicated that values are stable, further comments are warranted as this is an indication of a transitioning market to soft/declining.	
22.	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 affect on the subject’s value.  <b>NOTE:</b> If appraiser indicated that values are stable, further comments are warranted as this is an indication of a transitioning market to soft/declining.	
23.	Is the sales price or refinance amount within the neighborhood price range?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If No – Appraiser must comment on its affect on marketability of subject property.	
24.	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 affect on marketability of subject property.	
25.	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.  <b>Example:</b> Marketing time vs. sale date of comps.	

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 marketability.</i>					
26.	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.	
27.	Is the zoning classified as non-conforming or illegal?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If Yes – Non-Conforming legal use: ▪ 1-4 family or PUD – Appraiser’s analysis must reflect any adverse affect 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 a partial or	

				<p>full destruction. File must include <u>copy of zoning regulations or letter from zoning authority that authorizes reconstruction to current density.</u></p> <p>Illegal use (zoned 1 family or 2-4 family):</p> <ul style="list-style-type: none"> <li>▪ 1 - 2 unit w/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 through analysis of at <u>least 3 comps that have the same illegal use.</u></li> </ul> <p>NOTE: The size and value of the additional unit (apartment, etc.) should be of <b>insignificant</b> value as compared to the total value.</p> <ul style="list-style-type: none"> <li>▪ <u>3-4 units</u> w/illegal accessory apartment – IS NOT eligible for sale to the agencies.</li> </ul> <p>No Zoning:</p> <ul style="list-style-type: none"> <li>▪ Be sure that this is acceptable to the investor. The property must be primarily residential in use, with no income producing agricultural activity.</li> </ul>	
28.	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.	
29.	Is the property located on a private road?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If Yes – Recorded road maintenance agreement is required.	
30.	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>				
31.	Is there a substantial difference between the actual age of the property and the effective age?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	<p>If Yes – Appraiser must comment that property has been maintained better than others in the area and <u>support</u> the reported effective age.</p> <p><b>NOTE:</b></p> <ul style="list-style-type: none"> <li>▪ Large unsupported differences between age and effective age could result in an inflated value.</li> </ul>
32.	Is there an indication of foundation dampness, settlement or infestation?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If Yes – Appraiser must comment on its affect on marketability and value of the subject. 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.
33.	Is the heating system continuous?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If No – Check your guidelines, in all but a very few geographic areas of the country a continuous heating system is required.
34.	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"/>	<p>If No – Appraiser must correct.</p> <p><b>NOTE</b> – Pay particular attention to any below grade area to make sure Appraiser is not including this in the gross living area.</p>
35.	Does the interior 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.
36.	Are there any negative comments in the improvements section?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If Yes – Appraiser will need to comment further. Any issues that affect the livability, soundness or structural integrity of the property will have to be repaired prior to closing.

SALES COMPARISON APPROACH		ACTIONS/COMMENTS		NOTES
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 in order to determine if the comparables adequately support the final value of the subject property.				
37.	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.
38.	Is the source of data acceptable?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	<p>If No – Appraiser must re-verify the data with a party that is acceptable or use additional sources.</p> <p><b>NOTE:</b> The appraiser must use a source that provides quality sales data that is confirmed or verified by closed or settled transactions. Data source cannot have a financial interest in the sale or financing of subject property.</p>
39.	Are the comparable sales located within subject neighborhood based on the location (urban, suburban, rural)?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	<p>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.</p> <p><b>NOTE:</b> Leaving the neighborhood <u>IS justified</u> when:</p> <ul style="list-style-type: none"> <li>- Site influence (water, golf course, etc.).</li> <li>- Few sales, few listings (undersupply).</li> <li>- Unique area (historical, etc.).</li> <li>- Rural or non-conforming area.</li> </ul>

40.	Are there three comparable sales that have closed within 6 months of the appraisal date?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If No – Appraiser must adequately explain reasoning for using comps older than 6 months. <u>In Stable Markets</u> <ul style="list-style-type: none"> <li>Older comps may be used if the appraiser believes it is appropriate and selects comps that are the best indicators of value.</li> <li>The entire appraisal (neighborhood section, i.e. marketing time and comments) should adequately support the need for using older comps.</li> </ul> <u>In Declining Markets</u> <ul style="list-style-type: none"> <li>Follow investor and /or MI Declining Market Policies</li> </ul>	
41.	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 from the subject subdivision or project and one comp from outside the subject subdivision or project.  <b>NOTE:</b> At least one of the comparables used <b>MUST</b> be outside of the influence of the builder/developer/seller, and it is preferred that any comparables from within the subject subdivision not involve the builder or developer of the subject property.	
42.	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"/>	If No – Appraiser must explain why the specific comps were chosen. Adjustments to the comparables must be reasonable and should be explained and supported.  <b>BE AWARE OF:</b> <ul style="list-style-type: none"> <li>Use of across the board adjustments (particularly if not explained or supported by information).</li> <li>Square footage adjustments that are not the same for each comp.</li> </ul> <b>NOTE:</b> For properties in Rural Areas and Small Communities large adjustments can often be expected. In these situations verify that the appraiser has used sound judgment and provided reasonable explanations large adjustments.	
43.	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 one of the comps be of the same design.  <b>NOTE:</b> For FNMA and FHLMC <ul style="list-style-type: none"> <li><u>The property is Acceptable</u> – 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.</li> <li><u>The property is NOT Acceptable</u> – If the appraiser is unable to find any evidence of market acceptance and the property is so significantly different that value cannot be established.</li> </ul>	
44.	Has the subject had any prior sales within the 36 months preceding the appraisal date?	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.	
45.	Have the comps had any prior sales within the 12 months preceding the appraisal date?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If Yes – verify that any increase in value is reasonable and supported.	

RECONCILIATION		ACTIONS/COMMENTS		NOTES
<i>This section provides the final estimate of Market Value.</i>				
46.	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.
47.	Is the appraisal less than 120 days old and will it be at the time of closing?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If No – the appraiser must inspect the exterior of the property and provide an update to the appraisal indicating that the property has not declined in value. Check investor and MI guidelines.
48.	Is the appraisal less than 1 yr. old and will it be at the time of closing.	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If No – A new appraisal will be required.
49.	Explain why Market Value is or is not supported:			

COST APPROACH		ACTIONS/COMMENTS		NOTES
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.				
50.	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. (It is generally considered appropriate for new or proposed construction, properties under renovation, homes that are unique based on styles or construction methods, or homes that have functional obsolescence not typical for the market).  NOTE: Fannie Mae and Freddie Mac agree that appraisal reports that rely primarily on the cost approach to estimate market value are unacceptable.
51.	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 loan. Be sure to check investor guidelines.
52.	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 difference in value.

PUD				ACTIONS/COMMENTS	NOTES
53.	When the property is located in a PUD and the developer/ builder is in control of the HOA <b>AND</b> 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
54.	Has the Market Conditions Addendum been completed?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If No – Request that the appraiser complete.	
55.	Does the information on the 1004MC support the information contained in the One-Unit Housing trends in the neighborhood section?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If No – Request that the appraiser provide an explanation why the information is conflicting.	
56.	What are your conclusions regarding the current market conditions.				

APPRAISER'S SIGNATURE AND CERTIFICATION				ACTIONS/COMMENTS	NOTES
52.	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 a watch list, verify that the Appraiser is not listed.	
53.	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.	
54.	Is the appraiser's certification or 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 or license #.	
55.	If required, has the supervisory information been completed and signed by supervisor?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If No – Condition as a 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?

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