Table of Updates

**** CHANGES ARE IN RED THROUGHOUT THE GUIDE ****

Change Date: 06-06-2005	
Section of Guide	**Change Description**
State Licensing	• State-specific licensing information has been removed. Please see Section 200 of Chapter 500 for complete licensing details.

**** PREVIOUS CHANGES RECENTLY MADE ****

Change Date: 08-30-2004	
Section of Guide	**Change Description**
Appraisal Analysis	• All company references were updated to site Summit Mortgage.

Table of Contents

100 – Appraisal Requirements

101 – Appraisal Report

A complete and accurate appraisal is essential to underwriting and evaluating collateral risk. The most common appraisal form is the Uniform Residential Appraisal Report (URAR) that describes a property, estimates its value, and lists factors that affect its marketability. See section 301 - Required Appraisal Forms.

The value estimate of the appraisal must be derived from recognized appraisal methods that consistently reflect the property's condition and characteristics. In reviewing an appraisal report, the underwriter must bear in mind that two things are being reviewed.

- Condition and marketability of the subject property itself.
- Quality of the appraisal in supporting value.

The following factors can influence value:

- The type of improvements on the subject property and neighboring properties
- The current use of the subject property and neighboring properties
- The degree, amount and type of development occurring in the area
- Pending zoning changes or changes in the use of properties in the area
- Whether the subject property and neighboring properties are residential and marketable
- Whether the land size and land-value-to-total-value ratio are typical
- The presence of detrimental conditions

Each of the following issues should be considered carefully when performing an analysis of the collateral.

102 – Neighborhood

The purpose of the appraiser's neighborhood analysis is to identify the area (based on common characteristics or trends) that is subject to the same influences as the subject property, not to rate or judge the neighborhood.

The results of the neighborhood analysis will enable the appraiser to:

- Define the area from which to select comparables;
- To understand market preferences and price patterns;
- To examine the effect of different locations within the neighborhood; and
- To determine the influence of nearby land uses and to identify any other value influences affecting the neighborhood.

103 – Location

Residential properties are typically found in urban, suburban, or rural areas. Urban areas are defined as relating to a city while suburban refers to areas nearby or adjacent to a city. Rural properties are located beyond suburban areas. The appraiser and reviewer must be sensitive to the varying conditions that characterize different types of locations. Conditions that are typical of certain types of locations may not be present in other locales. This does not mean that the conditions are unacceptable, rather that they must be viewed in context with the nature of the area in which the security property is located. For example, rural properties often have large lot sizes and rural neighborhoods can be relatively undeveloped. The appraiser may have to go a considerable distance to find properties that can be used to estimate the value of the security property. On the other hand, if the property were located in a suburban or urban area, the appraiser should use comparable properties in the immediate vicinity of the property since suburban and urban areas are usually more highly developed and comparable sales typically are available in the subject neighborhood.

104 – Build Up Rate

The degree of development of a neighborhood (which is referred to as "built-up" on the appraisal report forms) is the percentage of the available land in the neighborhood that has been improved. The rate of development of an area may indicate whether a particular property is residential in nature. Because most investors will not buy mortgages secured by agricultural-type properties, undeveloped land, or land-development-type properties, we must review carefully the appraisal report for properties that have sites larger than those typical for residential properties in the area. Additionally, the lack of building activity may indicate reluctance on the part of buyers to live there. Conversely, it may be a development that is just getting started. The appraiser needs to make specific comments addressing the factors that influence value and marketability in the neighborhood and the impact when the built up rate is < 25%.

105 – Growth Rate

Growth rate is another indicator of the marketability of the area. But again, it should not be interpreted alone. Growth rate should be evaluated in conjunction with the "built up" rate. For example, it would not be surprising to see a "slow" growth rate, when the built-up rate is over 75%. However, built-up rates less than 25% coupled with a slow growth rate would be cause for concern.

106 – Demand/Supply

To help establish the marketability of the subject property, the appraiser should comment on the number of properties on the market in the neighborhood. An indication that there is an "oversupply" of housing would be undesirable. The appraiser needs to comment on the reason for the oversupply and the effect on value and the marketability of the subject property.

107 – Marketing Time

Marketing time is the average time that it takes for a reasonably priced property to sell in the subject neighborhood. Typically, less than 6 months marketing is considered an acceptable standard. The appraiser should address marketing times in excess of 6 months. Many times it is directly related to demand/supply of housing.

108 – Price Range and Predominant Value

The appraiser must indicate the price range and predominant value of properties in the subject neighborhood. The price range must reflect high and low prevailing prices for residential properties that are comparable to the property being appraised. The predominant price will be that which is the most common or most frequently found in the neighborhood.

When the subject property has a sales price (or value) that exceeds the upper price range, the property is considered as an “over-improvement”, for the neighborhood. The property is considered as an “under-improvement” if its sales price (or value) is less than the lower price range. The appraiser must explain why the property is an over or under-improvement and comment on the adjustments that were made in the “sales comparison analysis” adjustment grid to reflect that condition. In extreme cases where the marketability of the property may be in question, the property may not be considered acceptable collateral.

109 – Present Land Use

The appraiser should provide the relative percentages of the developed land in the neighborhood when discussing the present land, rather than simply referring to the zoning classifications. The appraiser should report separately the percentage of developed single family sites, developed two- to four-family sites, etc. Undeveloped land should be reported as vacant. In addition, if there is a significant amount of vacant or undeveloped land in the neighborhood, the appraiser should include comments to that effect to assure that the neighborhood is accurately described. The total of the types of land uses must equal 100%.

Typically, dwellings best maintain their value when they are situated in neighborhoods that consist of other similar dwellings. However, some factors that are typical of a mixed-use neighborhood—such as easy access to employment centers and a high level of community activity—can actually enhance the market value of the property through increased buyer demand. Urban neighborhoods also frequently reflect a blend of single-family residential and nonresidential land uses—including residential multifamily properties, other properties that are used to provide commercial services (such as groceries and other neighborhood stores) in support of the local neighborhood, industrial properties, etc.

When different land uses and property types are present in a neighborhood, that fact should be considered a neighborhood characteristic that the appraiser needs to take into consideration when performing the neighborhood analysis and defining the neighborhood boundaries. To assure that any positive or negative effects of the mixed land uses are reflected in the sales comparison analysis, the appraiser should select comparable sales from within the same neighborhood whenever possible. If this is not possible, the appraiser may need to make “neighborhood” or “location” adjustments to the “sales comparison analysis” grid for any sales that are not subject to this same neighborhood characteristic.

110 – Changes in Land Use

The appraiser must indicate in his or her neighborhood analysis whether the present land use in the neighborhood is “likely” or “not likely” to change or whether it is “in process” of changing. If the land use is likely to change or is in the process of changing, the appraiser should indicate the anticipated new land use(s). An investor relies on the present land use, the predominant occupancy composition, and the likelihood that either will change to determine whether a neighborhood is undergoing transition. If the appraiser indicates that an area is undergoing transition, he or she should describe the changes and comment about their effect on the marketability and value of the subject property.

111 – Highest & Best Use

The appraiser must render an opinion on the highest and best use of the subject property site. This means, the appraiser should consider what the perfect improvements are for the site and comment as to whether or not the existing or proposed improvements would produce the highest present value on the effective date of the appraisal.

For improvements to represent the highest and best use of a site, they must meet the following criteria:

- Must be legally permitted.
- Must be financially feasible.
- Must be physically possible.
- Must provide more profit than any other use could generate.

All four of these criteria must be met if the improvements are to be considered as the highest and best use of a site. If the current improvements clearly do not represent the highest and best use of the site as an improved site, the appraiser must so indicate on the appraisal report.

112 – Site Improvements

The appraiser needs to address any adverse site conditions such as utility easements, property line encroachments or special assessments that may adversely impact marketability. Adversities proximate to the subject site such as railroad tracks, high traffic streets, commercial uses, gas stations, etc. should be reported and analyzed.

113 – Off-site Improvements

The appraiser must state the type of any off-site improvements—streets, curbs/gutters, sidewalks, street lights, and alleys—that are present and indicate whether they are publicly or privately maintained. The presence of sidewalks, curbs and gutters, streetlights, and alleys depends on local custom. If they are typical in the community, they should be present on the subject site. The appraiser must comment on any adverse conditions and address their effect on the marketability and value of the subject property.

114 – Non-Public Streets

If the property is on a community-owned or privately owned and maintained street, there should be an adequate, legally enforceable agreement for maintenance of the street. A copy of a road maintenance agreement is required and any maintenance expense must be included in the borrower’s housing ratios.

115 – Occupancy

Predominant occupancy as owner occupied, tenant occupied, or vacant is an important characteristic of the neighborhood, and occupancy affects the increase or decrease in property values, as well as the continued marketability of the property. To assure that any effects (positive or negative) of occupancy status will be reflected in the sales comparison analysis, the appraiser should select comparable sales from within the same neighborhood whenever possible. If the appraiser uses comparable sales that are outside of the subject neighborhood, he/she may need to make ‘neighborhood’ or ‘location’ adjustments for any sales not subject to this same neighborhood characteristic.

Single family properties with multiple dwellings on the lot, such as a guest house or carriage house, must comply with local zoning regulations. They must be typical and common in the neighborhood. The property should be appraised as a single-family residence and any value attributable to the multiple dwelling must be supported by comparable sales.

116 – Zoning Compliance

The property should be zoned as “residential.” “Highest & best use” should be present use. Compliance to current zoning should be compatible with changes in land use. The property must be legal under current zoning and meet municipal occupancy certifications (if any). Commercially zoned property is not acceptable for financing unless there has been issued a specific variance covering a precise location. Legal, non-conforming use must have been grandfathered when new zoning was put into effect. Additionally, the permitted usage must be able to be rebuilt to original footprint in the event of destruction. If the property cannot be rebuilt, it is unacceptable for financing. A property which has certain land use regulations such as coastal tidelands and wetland laws (if the regulations do not permit reconstruction in the event of destruction) is unacceptable.

117 – Utilities

The utilities of the security property must meet community standards and be generally accepted by area residents.

If public sewer and/or water facilities (those that are supplied and regulated by the local government) are not available, then community or private well and septic facilities must be available and utilized by the subject property. If community facilities are used, the owners of the subject property must have the right to access those facilities, which must be viable on an ongoing basis. In some cases, a mutual water or septic system is maintained by several homes within a neighborhood. The appraiser must provide evidence of a recorded agreement with the homeowners to maintain such systems.

118 – Site Value

Typically, the value of the site should not exceed 30% of the total market value of the property. However, property in certain high cost or highly desirable locations, such as waterfront, close to the center of the city (“close-in”), or vacation locations, may have higher land to value ratios than is typical. Higher land values are acceptable if typical for the area and comparables reflect similar size parcels. The appraiser must address the land to value ratio if it is higher than normal.

Comp sales are expected to represent similar high land-to-value ratios. Rural property by its nature may have higher land-to-value ratios than are standard for suburban property. The permitted land ratio and the total number of acres permitted will vary by investor for rural property. Check the applicable product guide for specific limitations.

119 – Estimated Reproduction Cost

Cost per square foot to construct should not be higher than the area norm for type and quality of construction. Cost to construct new is also the benchmark against which the gross living area adjustments in the sales analysis section are measured. Total reproduction cost new typically sets the upper end of any appraisal's valuation range. The estimated market value should always be less than the cost to construct new. If it is not, the appraisal should be reviewed carefully for unwarranted adjustments to the comps, and comment requested from the appraiser.

Appraisals on condominium or co-op units will not have a land value or a cost approach.

200 – Appraisal Criteria

The appraiser's analysis of a property must take into consideration all factors that have an impact on value, recognizing that a well-informed or well-advised purchaser will pay no more for a property than the price he or she would pay for a similar property. To accomplish this, the appraiser must analyze the closed or settled sales, the contract sales, and the current listings of properties that are the most comparable to the subject property. This is particularly important in soft or declining markets because the competing current listings and contracts probably reflect the upper-end of value for the subject property as of the effective date of the appraisal, and we expect appraisers to accurately report and reflect market conditions as of that date.

201 – Comparable Sales

A minimum of three comparable sales located within the subject property neighborhood is required.

These comps must be closed sales and the date of closing must be indicated on the appraisal.

The appraiser must satisfactorily explain the use of comps which are not in the same neighborhood, or which are not similar to the subject in style, size, room count, location or condition. "Best available" is typically not a satisfactory explanation.

A lack of similar comps is indicative of market conditions, either positive or negative, and this market condition should be explained.

The comps should have sold within the past six months and may not be over one year old unless the older comps are used only as additional value support, or the market has not seen any more recent sales within the past year. In either case, the appraiser must explain the market conditions that led to the use of older comps.

The comps should be located within one mile or less of the subject property unless the property is located in a rural area. Additional value support may be provided by recent listings, older sales, or sales that have not yet closed provided that at least three of the comps are closed sales. The last sale of the subject property if it occurred within the past year may also be used as additional support.

The price range of the comparable sales should be within a 10% range. (Comps which vary in price from each other or from the subject property by as much as 25% are not truly comparable.)

(Topic continues on next page…)

("Comparable Sales" continued from the previous page.)

The appraiser must make appropriate adjustments for location, terms and conditions of sale, date of sale, and the physical characteristics of the properties. Comparable sales must be adjusted to the subject property, except for sales and financing concessions, which are adjusted to the market at the time of sale. Positive adjustments for sales or financing concessions are not acceptable. If the seller is not paying any cost, which is customary in the area for the seller to pay, the appraiser must locate all cash or cash equivalent sales for comps.

The subject property is the standard against which the comparable sales are evaluated and adjusted. Thus, if an item in the comparable property is superior to that in the subject property, a negative adjustment is required to make that item equal to that in the subject property. Conversely, if an item in the comparable property is inferior to that in the subject property, a positive adjustment is required to make that item equal to that in the subject property.

202 – Comparable Adjustments

Dollar adjustments made to the comps should generally not exceed the following requirements and must be reviewed by the underwriter.

- 25% for gross adjustments.
- 15% for net adjustments.
- 10% for line adjustments.
- Must be uniform for GLA adjustments on each comp.
- Within 33% to 50% of reproduction cost new per square foot for GLA adjustments on each comp.
- Excessive across the board adjustments need to be addressed by the appraiser.
- Adjustments must be supported from at least one closed comparable or be satisfactorily explained by the appraiser.
- Adjustments should be uniform. For example, if two comparables have identical features that the subject does not, the specific adjustment for that feature should be the same.

203 – Sales History of Subject Property

The appraiser must show the previous 36 months sales history of the subject property and the previous 12 month sales history of the comparable sales. A significant increase or decrease in the sales prices must be explained. For example, a property that was a distressed sale or was purchased in need of significant renovations would probably experience a marked increase in value. Any unjustified increases in value are not acceptable.

204 – Listed for Sale

204.01 – Agency Loans

Under a cash-out refinance transaction, the subject property may not currently be listed nor listed for sale within the previous six months. Under a Limited/No Cash-out refinance transaction, the subject property may not currently be listed nor listed for sale within the past 90 days.

204.02 – Non-Agency Loans

Under either a cash-out and/or rate and term refinance transaction, the subject property may not currently be listed nor listed for sale within the previous six months.

205 – Establishing Value

205.01 – Definition of Market Value

The final reconciliation of value supplied by the appraisal for a residential property should take into consideration the cost approach, the income approach (if applicable) and the sales comparison approach. However, the greatest emphasis in the determination of market value must come from the sales approach and a careful choice of comparable properties. The appraiser should explain how each comparable was weighted in the reconciliation.

The final estimate of value must not be an average of adjusted comps. It is the responsibility of the underwriter to review the value conclusion and to make any underwriter adjustments deemed necessary to assure the appraisal will support value.

The appraiser must certify that the following definition of market value was used to complete the Appraisal:

Market value is the most probable price a property should bring in a competitive and open market. Market value is based on five suppositions:

- The buyer and seller are equally motivated;
- The buyer and seller are knowledgeable and acting in their own best interest;
- The property has been on the market for a reasonable period of time;
- Payment for the property will be in US dollars; and
- The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by one associated with the sale.

Furniture, fixtures and other personal property cannot be included in the market value of the property. Additional builder options on newly constructed properties should be reviewed carefully.

For example, if the subject has $5,000 in options such as upgraded wall coverings, carpeting and built ins, the appraiser must be careful that the costs of these items are truly reflected in the resale market.

Often the options do not recapture dollar for dollar cost in the market. At least one comparable sale should have options or extras similar to the subject.

Value of personal property included in the sales price must be deducted from the price in the determination of the loan amount.

Property that has window treatments, non-built in appliances, or other such personal property included in the sales price will be acceptable without a reduction in price provided the appraiser states that these items have little or no contributory value.

If there is uncertainty regarding the value conclusion, the underwriter may, at his or her discretion, order a desk review, field review, or a second appraisal when warranted. Please refer to the product guides for additional appraisal review requirements.

205.02 – Improving Value through Second Appraisals

It is a violation of policy to order a second appraisal to obtain a more favorable value and is strictly prohibited.

206 – Age of Appraisal

If the appraisal will be over 120 days old as of the date of the Note, the value must be "updated". See section 502 "Re-certification of Value/Appraisal Updates" for further information. In addition, specific products may have restrictions limiting the age of the appraisal to be updated (refer to the applicable product guide).

207 – Number of Copies

The appraisal is required with at least one original report (may be original, copied or electronic) and one set of original photos.

The appraisal may be provided electronically provided that all of the following conditions are met:

- The appraisal report adequately identifies the appraiser and includes a reproduced signature of the appraiser whose name appears on the report; and
- The appraiser transmitted the report directly to a credit analyst or underwriter employed by the Purchaser; and
- The photographs of the property are clear and complete. The appraiser must note in the report any information that would have appeared in color photographs that is not apparent in black-and-white images that could adversely affect the market value or marketability of the property.

208 – Requirements for Second Appraisals

208.01 – General Information

Occasionally, a field review or a desk review of a completed appraisal is necessary due to quality control, value issues or the loan program requires a field review as standard documentation (e.g., jumbo investors). The review appraisal will produce one of the following three possible outcomes:

- If the value is supported/report accuracy is acceptable, nothing further is needed.
- If the value is inconclusive or the report contains inaccuracies, additional information may need to be provided by the original appraiser.
- If the appraiser provides a lower value, the lower value is used irrespective of whether or not the same sales comparables or new sales comparables were used.

In the event a second appraisal is required, the appraisal must be completed by an approved appraisal firm as shown in the approved appraiser list in this guide.

(Topic is continued on the next page…)

(Topic continued from previous page.)

208.02 – Approved Review Appraisal Firms

Approved Review Appraiser List	
Appraisal Firm	**Contact Information**
LandSafe Appraisals	Ph.: (877) 572-5673 Fax: (888) 626-8452 www.landsafe.com
Nationwide Appraisal Services Corporation	Ph.: (800) 920-0050 Fax: (800) 396-2726

Summit Mortgage does not approve individual appraisal firms. It is the Bank Partners responsibility to select and approve their own list of qualified appraisers.

Summit does require a copy of the appraiser's errors and omissions policy along with a copy of their state license.

209 – Unacceptable Appraisal Practices

The Purchaser is responsible for the quality of the appraisals it uses to support the value of the security property. We must take appropriate action to assure that the appraisers we use do not engage in unacceptable practices. The following are examples of appraisal practices that are considered unacceptable:

- Inclusion of inaccurate factual data about the subject neighborhood, site, improvements, or comparable sales.
- Failure to comment on negative factors with respect to the subject neighborhood, subject property, or proximity of the subject property to adverse influences.
- Use of comparables in the valuation process even though the appraiser has not personally inspected the exterior of the comparables by, at least, driving by them.
- Selection and use of inappropriate comparable sales or the failure to use comparables that are locationally and physically the most similar to the subject property.
- Use of data, particularly comparable sales data, which was provided by parties who have a financial interest in the sale or financing of the subject property without the appraisers' verification of the information from a disinterested source. For example, it would be inappropriate for an appraiser to use comparable sales provided by the real estate broker who is handling the sale of the subject property, unless the appraiser verifies the accuracy of the data provided with another source and makes an independent investigation to determine that the comparables provided were the best ones available.
- Use of adjustments to the comparable sales that do not reflect the market's reaction to the differences between the subject property and the comparables, or the failure to make adjustments when they are clearly indicated.
- Development of a valuation conclusion that is based either partially or completely on the sex, race, color, religion, handicap, national origin or familial status of either the prospective owners or occupants of the subject property or of the present owners or occupants of the properties in the vicinity of the subject property, or that is based on any other factor that local, state, or federal law designates as being discriminatory, and thus, prohibited.
- Development of a valuation conclusion that is not supported by available market data.

300 – Appraisal Forms and Exhibits

The appraisal report forms are designed to provide a concise format for presenting both the appraiser's description and analysis of the subject property and the valuation analysis leading to the estimate of market value. The appraiser must complete these forms in a way that will clearly reflect the thoroughness of his or her investigation and analysis and provide the rationale for the estimate of market value.

301 – Required Appraisal Forms/Exhibits

Check the applicable product guide to determine acceptable appraisal report type and additional restrictions. Unless specifically stated otherwise, the following exhibits are required for all appraisals:

- A street map that shows the location of the subject property and all comparables. (see Note 1 below)
- An exterior building sketch of the improvements that indicates dimensions.
- The appraiser's calculations of the gross living area.
- If the floor plan is functionally obsolete, a floor plan sketch that indicates interior dimensions, in addition to or apart of the exterior building sketch.
- "Statement of Limiting" Conditions and "Appraiser's Certification" (FNMA form 1004b / FHLMC form 439) for appraisals completed on FNMA form 1004, FNMA form 1025, and FNMA form 1073.
- Clear, color photographs showing the front, back and street scene of the subject property.
- Clear color photographs that show the front of each comparable sale.
- For appraisals made subject to repairs, alterations or subject to completion in accordance with plans and specifications, a letter or form 442 is required stating that all conditions or requirements in the original appraisal have been fulfilled. See also section 302 – "Recertification of Value/Appraisal Updates"

Note 1: Forms 2055, 2065 and 2075 only need the noted exhibit as well as a photograph that shows the front scene of the subject property.

In addition, investment and/or rental properties required the following exhibits:

- An Operating Income Statement (Form 216/998) is required for all investor properties (including a 2-4 unit property that the borrower will occupy) **except** in the following circumstances:
  - Rental income from the property is not used to qualify the borrower; or
  - The property is a 2-4 unit Primary residence that the borrower has owned for at least one year and is reported on schedule E of the borrower's federal tax return.
- A Single Family Comparable Rent Schedule (Form 1007/1000) is required for 1-unit investor properties **if** rental income from the property is used to qualify the borrower.

302 – Recertification of Value/Appraisal Updates

If the appraisal will be more than 120 days (four months) old as of the date of the note, an updated appraisal must be obtained. Requests for this type of "update" have been labeled “updates”, “reappraisals”, or “recertifications.” An “Update” is a new appraisal assignment involving a property that was previously appraised. An Update is subject to the same USPAP requirements as any other appraisal assignment.

The term “Recertification of Value” is often mistakenly used in lieu of the term “Update”. A “Recertification of Value” is performed to confirm whether or not the conditions of a prior assignment have been met. One example of a “Recertification of Value” is a “Final Inspection.” When an appraiser is asked to complete a “Final Inspection,” the appraiser is confirming that conditions established in an assignment have, or have not, been met. A “Recertification of Value” does **not** change the effective date of the value opinion. If an appraisal assignment request includes a requirement for an “Updated” value opinion, then it constitutes a new appraisal assignment that must be completed as discussed in Advisory Opinion -03.

For all "Update" assignments, the development of the assignment results must be in accordance with the requirements contained in the applicable USPAP standards. When developing an opinion regarding a property that was the subject of a previous assignment, the scope of work in the new assignment may be different from the scope of work in the prior one. The new report is not required to have the same level of detail as the original report – i.e. a different reporting option may be used. However, the new report must contain sufficient information to be meaningful and not misleading to the intended users. There are three ways that the reporting requirements can be satisfied for these types of assignments:

1. Provide a new report that contains all the necessary information/analysis to satisfy the applicable reporting requirements, *without incorporation* of the prior report by either attachment or reference.
2. Provide a new report that *incorporates by attachment* specified information/analysis from the prior report so that, in combination, the attached portions and the new information/analysis added satisfies the applicable reporting requirements.
3. Provide a new report that *incorporates by reference* specified information/analysis from the prior report so that, in combination, the referenced portions and the new information/analysis added satisfies the applicable reporting requirements. This option can only be used if the original appraiser’s firm and original intended users are involved, since the prior report was issued from that appraiser to those intended users, assuring they have access to a copy. When this incorporation by reference option is used, the following items from that prior report must be specifically identified in the new report to avoid being misleading:
    a. Subject property
    b. Client and any other intended users
    c. Intended use
    d. Appraiser(s)
    e. Effective date of value or assignment results
    f. Date of report, and
    g. Interest(s) appraised

When information is being extended to the report by use of an extraordinary assumption, the requirements in USPAP for use of an extraordinary assumption must be met.

303 – Certificate of Occupancy

In addition to the final completion certification, a Certificate of Occupancy or Temporary Certificate of Occupancy issued by the appropriate local authority must be obtained at or before closing when required by state or local law. The Certificate of Occupancy, or the Temporary Certificate of Occupancy, certifies the property has been completed in compliance with building code ordinances.

400 – Appraiser Requirements

401 – General Information

Appraisers must be state licensed/certified to perform appraisals in the state in which the subject property is located. Appraisers are required to have a minimum of three years experience. Brokers must ensure that their appraiser selection and approval policies and procedures comply with the requirements of Freddie Mac and Fannie Mae. At a minimum, these policies and procedures should include the following requirements:

- The appraiser is state-licensed or certified in accordance with the provisions of Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989.
- A copy of the appraiser's current license must be provided, along with a current E & O Policy for the specific appraiser with a minimum of $300,000 coverage. If a copy of the license cannot be obtained, then a new appraisal must be obtained from an appraiser with credentials that meet the necessary requirements.
- The appraiser is experienced in the appraisal of properties similar to the type that he or she will be assigned to appraise, with a minimum of three years experience.
- The appraiser has successfully completed courses in real estate appraisal and is actively engaged in appraisal work.
- The appraiser's education and experience, professional affiliations and references from prior clients and employers may be analyzed.
- Sample appraisals may be obtained and reviewed as part of the approval process.