Merchants Bank

Appraisal Review Checklist

Property Address or Loan Number_____

Subject (PURCHASE ONLY):

Does the property address match the sales contract (findings, and flood cert)? ☐ N/A ☐ Yes ☐ **No**

Does the current owner = owner per title commitment and seller per purchase agreement ☐ N/A ☐ Yes ☐ **No**

Is occupancy status noted (compare to 1003) and does it make sense? ☐ N/A ☐ Yes ☐ **No**

Contract (PURCHASE ONLY):

Did appraiser analyze the contract for sale and address any financial assistance to be paid by any party on behalf of the borrower? If any financial assistance is being paid on behalf of borrower, the amount must be disclosed. ☐ N/A ☐ Yes ☐ **No**

Subject (REFI ONLY):

Does the property address match the application (findings, and flood cert)? ☐ N/A ☐ Yes ☐ **No**

Does the current owner = borrower? ☐ N/A ☐ Yes ☐ **No**

Subject (All Transactions):

Is subject a PUD and are HOA dues listed? ☐ N/A ☐ Yes ☐ **No**

Are property rights appraised as Fee Simple? ☐ N/A ☐ Yes ☐ **No**

Is subject currently offered for sale or has it been offered in the past 12 months? ☐ N/A ☐ **Yes** ☐ No

Does parcel number and legal description match title commitment? ☐ N/A ☐ Yes ☐ **No**

If more than one parcel are they contiguous? (Additional parcel should not contain significant improvements) ☐ N/A ☐ Yes ☐ **No**

Neighborhood:

Is location type consistent with the location map and neighborhood description? ☐ N/A ☐ Yes ☐ **No**

Does built up % reflect location type? (< 25% indicates rural) ☐ N/A ☐ Yes ☐ **No**

Does One-Unit Housing Trends indicate a declining market? If so, sale dates of comps should be within three months – if not appraiser to include at least two listings. ☐ N/A ☐ **Yes** ☐ No

Is Demand/Supply in balance? If not, has appraiser addressed this in comments? ☐ N/A ☐ Yes ☐ **No**

If Marketing Time is > 6 months, has appraiser addressed in comments? ☐ N/A ☐ **Yes** ☐ No

Is the subject within the neighborhood price and age range? If not, has appraiser commented on choice of comparable sales? ☐ N/A ☐ Yes ☐ **No**

Does present land use % add up to 100%? ☐ N/A ☐ Yes ☐ **No**

Site:

Are the dimensions/size listed? ☐ N/A ☐ Yes ☐ **No**

Is Zoning Classification indicated as well as Zoning Description? ☐ N/A ☐ Yes ☐ **No**

If zoning is legal/non-conforming, has the appraiser addressed whether subject can be rebuilt if destroyed? ☐ N/A ☐ **Yes** ☐ No

Must provide source of opinion, and if other than "legal" did appraiser indicate any marketability impact? ☐ N/A ☐ Yes ☐ **No**

Is highest and best use the present use? ☐ N/A ☐ Yes ☐ **No**

If shared well/septic, need recorded shared well/shared septic agreement. ☐ N/A ☐ **Yes** ☐ No

Does appraiser address non-public utilities and off-site improvements? ☐ N/A ☐ Yes ☐ **No**

If off-site access is private, does appraiser address road condition? (Secondary market has specific guidelines for private roads- see applicable selling guide) ☐ N/A ☐ **Yes** ☐ No

Does appraiser address flood zone? (appraisal and flood cert should match) ☐ N/A ☐ Yes ☐ **No**

Are there any adverse site conditions? If yes, has the appraiser provided comps with similar adverse influences (to determine amount of adjustments and to demonstrate marketability)? ☐ N/A ☐ **Yes** ☐ No

Improvements Section:

Is the General Descript consistent with property photos? ☐ N/A ☐ Yes ☐ **No**

If appraiser indicated evidence of infestation, dampness or settlement, is a full description provided in the "Condition of the property"? (may need to condition for an inspection) ☐ N/A ☐ **Yes** ☐ No

Is anything rated less than average? If yes, has appraiser addressed properly? ☐ N/A ☐ **Yes** ☐ No

Is there a permanent heat source? ☐ N/A ☐ Yes ☐ **No**

Does room count/square footage agree with room count/ square footage in sales comparison (and cost approach if completed?) ☐ N/A ☐ Yes ☐ **No**

Did appraiser list any deficiencies or adverse conditions that affect the livability, soundness or structural integrity of the property? ☐ N/A ☐ **Yes** ☐ No

Does the property conform to the neighborhood? If no, did appraiser properly describe? ☐ N/A ☐ Yes ☐ **No**

Sales Comparison Approach:

Did appraiser provide # of comparable listings and # of comparable sales in the subject neighborhood along with a price range? ☐ N/A ☐ Yes ☐ **No**

Did appraiser provide address, city and proximity of each comparable, including data verification source? ☐ N/A ☐ Yes ☐ **No**

Are sales within the required time frames for addressed with support? Six months in most cases - declining market 3 months (if declining market and comps are not dated within 3 months, appraiser should provide two listings). ☐ N/A ☐ Yes ☐ **No**

If time adjustments made, did appraiser provide commentary/proper support? (consistent with Neighborhood Section/Demand & Supply) ☐ N/A ☐ Yes ☐ **No**

Are site sizes for subject/comps provided? ☐ N/A ☐ Yes ☐ **No**

Does the Quality of Construction/Condition Rating of C1-C6 meet guidelines? (C6 is not acceptable in most cases) ☐ N/A ☐ Yes ☐ **No**

Are the comparables similar to the subject in location, design and age? ☐ N/A ☐ Yes ☐ **No**

Are all major aspects/amenities of subject bracketed (site size, square footage, age, bedroom count, etc.)? ☐ N/A ☐ Yes ☐ **No**

If the subject has unusual features, has the appraiser has provided at least one comp with the same? ☐ N/A ☐ Yes ☐ **No**

If the subject is in a controlled market (Condo project, etc.) has the appraiser provided a comparable sale from outside the control of the developer, builder or seller? ☐ N/A ☐ Yes ☐ **No**

If the subject is a manufactured home, has the appraiser provided three manufactured home comparables (or at least two with an explanation as to why three were not provided)? ☐ N/A ☐ Yes ☐ **No**

Are adjustments appropriate for the market area? ☐ N/A ☐ Yes ☐ **No**

Are Gross (25)/Net (15)/Line (10) adjustments within guidelines or addressed? ☐ N/A ☐ Yes ☐ **No**

Are adjustments done in the proper direction (+/-)? ☐ N/A ☐ Yes ☐ **No**

Are adjustments being made consistently for the same item descriptions? ☐ N/A ☐ Yes ☐ **No**

Are all three comparables closed sales? Additional comps over three can be listings or pending sales. ☐ N/A ☐ Yes ☐ **No**

Did appraiser research the sale or transfer history of the subject and comparable sales? ☐ N/A ☐ Yes ☐ **No**

Has the subject sold within the last year with a significant increase or decrease reflected in the current value? (appraiser should provide explanation) ☐ N/A ☐ **Yes** ☐ No

Did appraiser provide a summary of the sales comparison approach? ☐ N/A ☐ Yes ☐ **No**

Reconciliation:

Is a value indicated by the Sales Comparison Approach? Cost and Income Approach are optional in most cases. (Cost approach required for manufactured homes) ☐ N/A ☐ Yes ☐ **No**

Does the appraised value support the sales price? ☐ N/A ☐ Yes ☐ **No**

Is appraisal marked appropriately "as is" or "subject to" completion, repairs, etc.? ☐ N/A ☐ **Yes** ☐ No

If "subject to" are there conditions present? ☐ N/A ☐ Yes ☐ **No**

Are the conditions attached, or is a 1004D Completion Certification required? ☐ N/A ☐ Yes ☐ **No**

Is the appraisal properly signed and dated? If > 120 days old, need 1004D Appraisal Update. ☐ N/A ☐ Yes ☐ **No**

Additional Items:

Are there sufficient comments regarding items such as second kitchens, in-law suites, commercial influence and condition adjustments and do they make sense? ☐ N/A ☐ Yes ☐ **No**

Does subject sketch include dimensions and room layout? (If room layout is provided, is it consistent with sales comparison grid?) ☐ N/A ☐ Yes ☐ **No**

Does location map identify subject and comparables? ☐ N/A ☐ Yes ☐ **No**

Does it appear there is external obsolescence due to railroad tracks, highways, etc based on map? ☐ N/A ☐ Yes ☐ **No**

Are subject and comparable photos included and legible? ☐ N/A ☐ Yes ☐ **No**

Additional Items Cont:

At a minimum, are photos of kitchen, living room and all bathrooms (including below grade) included? ☐ N/A ☐ Yes ☐ **No**
Are the photographs taken from an odd angle (detrimental conditions may not be visible)? ☐ N/A ☐ **Yes** ☐ No
Do photographs reveal items not disclosed in appraisal (commercial property, water towers, another structure on premises, etc.)? ☐ N/A ☐ **Yes** ☐ No
For rural or large acreage properties, is there commercial farming or excessive/large outbuildings? ☐ N/A ☐ **Yes** ☐ No
Has the subject or any of the comparables been sold multiple times in the past year? If yes, this is a red flag that value may be inflated. ☐ N/A ☐ **Yes** ☐ No
If no similar or good comparables are available, did the appraiser state to what extent the market was searched? ☐ N/A ☐ Yes ☐ **No**
Do photos of the subject and comparables reflect similar design and appeal? ☐ N/A ☐ Yes ☐ **No**

Cost Approach: (required for manufactured homes)
Is land to value ratio higher than 30% of total value? If yes, has appraiser addressed? ☐ N/A ☐ **Yes** ☐ No
Is land to value ratio typical for the area? Do sales support this? ☐ N/A ☐ Yes ☐ **No**
Did appraiser provide the source of data for the Cost Approach? ☐ N/A ☐ Yes ☐ **No**
Is the Cost Approach value (after adding back depreciation) lower than the Sales Comparison Approach? If so, this is a concern and should be explained. ☐ N/A ☐ **Yes** ☐ No

Income Approach: (required for 2-4 unit properties)
Does the appraisal contain supporting comparable rental and sales data and the calculations used to determine the gross rent multiplier? FYI - It is not acceptable to base the value solely on the income approach. ☐ N/A ☐ Yes ☐ **No**

Appraisers Certification:
Is the appraisal signed and dated and is the appraiser's certification or license number entered? ☐ N/A ☐ Yes ☐ **No**
Is the appraiser on Merchant's Bank Approved Appraiser list? ☐ N/A ☐ Yes ☐ **No**
Has the appraiser's license expired? ☐ N/A ☐ **Yes** ☐ No

Market Conditions Addendum (1004MC):
Is this form included with the report (it is required)? ☐ N/A ☐ Yes ☐ **No**
Did the appraiser fully complete the Inventory Analysis, Median Sale & List Price, DOM, Sale/List % and Overall Trend Section? ☐ N/A ☐ Yes ☐ **No**
Did appraiser provide details or comments when information was not completed or average was used in lieu of median? ☐ N/A ☐ Yes ☐ **No**
Did appraiser address seller concession trends for the past 12 months? ☐ N/A ☐ Yes ☐ **No**
Were foreclosure sales a factor in the market? ☐ N/A ☐ **Yes** ☐ No
Does the summary of information from the 1004MC support the conclusions in the Neighborhood section of appraisal? ☐ N/A ☐ Yes ☐ **No**
Is Condo Section completed if subject is a condo? ☐ N/A ☐ Yes ☐ **No**

PUD Information: (only required if project is under control of the builder and is an attached property)
Is the legal name of the project provided and does it match the title commitment (and sales contract if it is a purchase)? ☐ N/A ☐ Yes ☐ **No**
Are all questions regarding the project phase completed? ☐ N/A ☐ Yes ☐ **No**
Does the association own or lease the common elements? If leased, did appraiser provide rental terms? ☐ N/A ☐ **Yes** ☐ No
Did the appraiser provide a description of the common elements and recreational facilities if any? ☐ N/A ☐ Yes ☐ **No**

Appraisal Date: _____ **Appraiser Name:** _____

Number of Bedrooms: _____ Number of Bathrooms: _____

Comments: _____

_____

_____

_____

Completed By: _____ **Date:** _____

Additional requirements for Condominium and Manufactured Home reports

Condominium appraisal report: (Fannie Form 1073/Freddie Form 465)

Project Information Section:

Is Project Description complete? ☐ N/A ☐ Yes ☐ **No**

Is the developer/builder in control of the HOA? ☐ N/A ☐ **Yes** ☐ No

Does any single entity won more than 10% of total units in project? ☐ N/A ☐ **Yes** ☐ No

Is the project a conversion of an existing building(s) into a condo? ☐ N/A ☐ **Yes** ☐ No

Are units, common elements and recreation facilities complete? ☐ N/A ☐ Yes ☐ **No**

Is more than 20% of total buildings' square footage non-residential? ☐ N/A ☐ **Yes** ☐ No

Do investors own more than 30% of units? ☐ N/A ☐ **Yes** ☐ No

Is construction of the subject project or phase 90% completed? ☐ N/A ☐ Yes ☐ **No**

Area at least 51% of units in project or phase sold to owner-occupants for use as a primary residence or second home? ☐ N/A ☐ Yes ☐ **No**

Project Analysis:

Did the appraiser analyze the budget? If not, why? ☐ N/A ☐ Yes ☐ **No**

Are there any other fees (other than HOA) for the use of the project facilities? ☐ N/A ☐ **Yes** ☐ No

Are there any special or unusual project characteristics which might affect marketability? ☐ N/A ☐ **Yes** ☐ **No**

Are more that 15% of owners delinquent in paying their HOA fees? ☐ N/A ☐ **Yes** ☐ No

Unit Description:

Is the heating/cooling for individual units separately metered? ☐ N/A ☐ Yes ☐ **No**

Are there physical deficiencies that affect livability, soundness or structural integrity of subject property? ☐ N/A ☐ **Yes** ☐ No

Does the property generally conform to the neighborhood? ☐ N/A ☐ Yes ☐ **No**

Manufactured Home Appraisal Report (Fannie Form 1004C/Freddie Form 70B):

Note: Modular homes can be compared to stick built homes. Manufacture date must be on or after June 15, 1976. Manufactured home must be at least 12 feet wide and have a minimum of 600 square feet of gross living area. The home must be attached to a permanent foundation system.

HUD Data Plate:

Is the **HUD Date Plate/Compliance Certificate** attached to the dwelling? (this is located on the interior of the subject and it contains manufacturer's name, trade/model name, year manufactured and serial number, amongst other things) If not, a duplicate may be available from the Institute for Building Technology and Safety (IBTS) (www.IBTS.org), or by contacting the In-Plant Primary Inspection Agency (IPIA) or the manufacturer. ☐ N/A ☐ Yes ☐ **No**

Is a **HUD Certification Label** attached to the exterior of each section of the dwelling? If not, the lender may be able to obtain a verification letter that contains the same information from the Institute for Building Technology and Safety (IBTS) (www.IBTS.org). ☐ N/A ☐ Yes ☐ **No**

Do the Wind, Roof Load and Thermal Zone meet minimum HUD requirements for the location of the property? ☐ N/A ☐ Yes ☐ **No**

Improvements:

Does the design (style) indicate the number of sections as one? (Single wide manufactured homes are ineligible). ☐ N/A ☐ Yes ☐ **No**