

# LANDSAFE APPRAISAL REPORTING EXPECTATIONS

LandSafe has the following expectations for all appraisal reports completed for LandSafe. All LandSafe appraisals must conform to USPAP, be consistent with HUD, Fannie Mae and Freddie Mac guidelines, and should include the following:

- 1) **Disclosure of all pertinent details** regarding the subject neighborhood, site and improvements that influence market value, such as:
  - a) Neighborhood has any unique characteristics
  - b) Site is larger or smaller than the average, or has a unique configuration
  - c) Improvements are not typical for the market/neighborhood
  - d) Condition of the subject Improvements
  
- 2) **The best comparables available that bracket the subject property in regard to all significant elements of comparison and are:**
  - a) Verified, analyzed, and accurately reported
  - b) In the same neighborhood as the subject property or reasonably proximate
  - c) Similar in regard to external influences, such as:
    - i) Unique views
    - ii) Proximity to streets, major thoroughfares, airports, or railways
    - iii) Proximity to other property types
    - iv) Any other factors that have a positive or negative influence on value
  - d) Physically similar, considering appropriate elements of comparison such as:
    - i) Style, quality
    - ii) Size, room count
    - iii) General appeal
  - e) Similar in actual and effective age
  - f) Are appropriately adjusted for conditions of sale, such as Seller Concessions and Buyer Incentives.
  - g) Are appropriately adjusted for any differences recognized by the market in a manner consistent with Fannie Mae and Freddie Mac adjustment guidelines, with no significant, unexplained "across-the-board" adjustments, and generally no more than:
    - i) 25% gross adjustments
    - ii) 15% net adjustments
    - iii) 10% line-item adjustments
  
- 3) **Report exhibits that include:**
  - a) Map of the market area (showing appropriate street level detail) with subject and comparable properties accurately represented
  - b) Sketch of improvements including dimensions of the exterior walls (interior inspection)
  - c) Plans, Specs, and Front Elevation Drawings (if proposed construction)
  - d) Photographs of the subject property, all comparable data presented, and anything that might influence value or marketability, such as:
    - i) Special features or views
    - ii) Interior amenities in luxury homes
    - iii) Deferred maintenance or any notable physical deficiencies
    - iv) Additions, upgrades, and renovations
  
- 4) **Additional market data required by lender/client such as:**
  - a) Comparable listings
  - b) Comparable pending sales
  - c) Pertinent market or property data from public information sources
  
- 5) **Data or documentation that not only supports the value opinion, but addresses the marketability of the subject property and results in a credible and more reliable appraisal**

A reasonable explanation of why any of the information outlined above is excluded.

# UNACCEPTABLE APPRAISAL PRACTICES

LandSafe will not accept appraisal reports if any of the following appraisal practices are identified in an appraisal report completed for LandSafe.

- 1) Developing a valuation conclusion that is based either partially or completely on:**
  - a) Sex, race, color, religion, handicap, national origin, or familial status of either the prospective owners or occupants of the subject property or the present owners or occupants of the properties in the vicinity of the subject property
  - b) Any other factor that local, state, or federal law designates as being discriminatory
  
- 2) Developing a valuation conclusion that is based on improper influence such as:**
  - a) Use of data, particularly comparable sales data, which were provided by parties who have a financial interest in the sale or financing of the subject property without verification of the information from a disinterested source.
  - b) Basing an opinion of value on the opinion of others who have a financial interest in the sale or financing of the subject property.
  
- 3) Not adequately analyzing and reporting the subject's pending sales contract:**
  - a) Not reporting a sales contract analysis for a purchase loan
  - b) Not analyzing/disclosing significant sale concession(s)
  
- 4) Reporting misleading neighborhood information::**
  - a) Expanding neighborhood parameters to justify the use of superior market data
  - b) Reporting neighborhood housing trends that conflict with available market data
  
- 5) Not appropriately analyzing and reporting property condition:**
  - a) Not disclosing property conditions that significantly impact marketability or value
  - b) "AS IS" value concluded when subject property is not livable due to health, safety, and structural soundness issues. (Does not apply to REO assignments). Examples include, but are not limited to:
    - i) Incomplete construction
    - ii) Structural integrity of roof or walls is compromised
  
- 6) Not analyzing and reporting declining market characteristics despite market evidence to the contrary.**
  - a) Not disclosing comparable data that clearly indicates a declining market when the comparable data reported in the appraisal supports a stable or improving market
  - b) Not disclosing prior sales/listings of the **subject** that are either required (within 36 months) or relevant due to declining market analysis
  - c) Not disclosing prior sales of **comparable sales** that are either required (within 12 months) or listings relevant due to declining market analysis
  
- 7) Not disclosing and analyzing the subject's sales/listing history**
  - a) Not analyzing/reporting **subject sales/listing history** required
  - b) Not disclosing **prior listing activity of the subject** that indicates market resistance to list price(s) or an overall lack of marketability over an extended period of time
  
- 8) Not selecting and adjusting comparables reasonably or appropriately**
  - a) Use of comparable sales that were not personally inspected (exterior) by the appraiser
  - b) All or a majority of comparables presented are outside subject neighborhood, when comparables located within the subject neighborhood are available
  - c) Unsupported/excessive location or site adjustments, or lack of adjustments, when comparables outside reasonable neighborhood boundaries are used
  - d) Inappropriate, omitted or unsupported adjustments are applied across-the-board or involve excessive percentages (greater than: 25% Gross, 15% Net, 10% Line Item) without explanation and adequate market support (i.e., paired sale analysis)

**9) Not reconciling the value opinion with information presented in the appraisal report, especially when the value concluded is:**

- a) Not within the adjusted sales price range.
- b) Not supported by the majority of comparables or most relevant comparables.
- c) Significantly higher than predominant value/sales comparables reported
- d) Significantly higher or lower than the subject's pending sales price.