Acra Lending Fix and Flip

Introduction to Appraisal Review Form 1004 and 1073

Goals of this Presentation

- We will Discuss how to review an appraisal according to Acra Lending's Guidelines
- This Presentation has 2 parts. Part One will cover Form 1004 for Single Family Residence. Part Two will cover Form 1073 for Condo
- There are many potential red flags in an appraisal that can either kill a loan or delay the loan. The hi-lighted areas in each diagram are areas to pay close attention to. We will review the appraisal section by section in chronological order.

Part One

- Overview of form 1004 for Single Family Residence

Things to check for in the Appraisal

- The appraisal must contain an as-is value, and an ARV if the loan includes rehab
- Review appraisal for any mention of underground or in-ground oil tanks. This may kill the loan
- Review the rehab budget. If the appraiser identifies repairs that are not listed on the rehab budget, the borrower will need to resubmit a rehab budget with the appropriate fees and include the repair. For example, a roof that has a hole in it, but not mentioned on the rehab budget. Also, the appraiser will have to review the report again
- Review for any fire or water damage on the report that was not disclosed to us by the borrower
- If the appraisal states a geographical obsolescence. This will require further review and Sr. Mgmt approval.
- If the appraisal states that the property was affected in a recent natural disaster area. This will require further review and Sr. Mgmt approval.
- If the appraisal mentions a visible LPG/Propane tank, the appraiser needs to state in the report if this is typical of the market. If so, appraiser to comment if this will have any effect on value or marketability
- Carefully review the conditions described in the exterior description. If they are fair or poor, then these are a red flag for the loan and may be declined because the home does not meet minimum condition standards
- The appraisal is good for 90 days from the time of closing. Any more than that will require an exception from management.
- If the loan is a purchase, the appraisal must include the MLS number that is associated with the property.

Reviewing the Subject section of the Appraisal

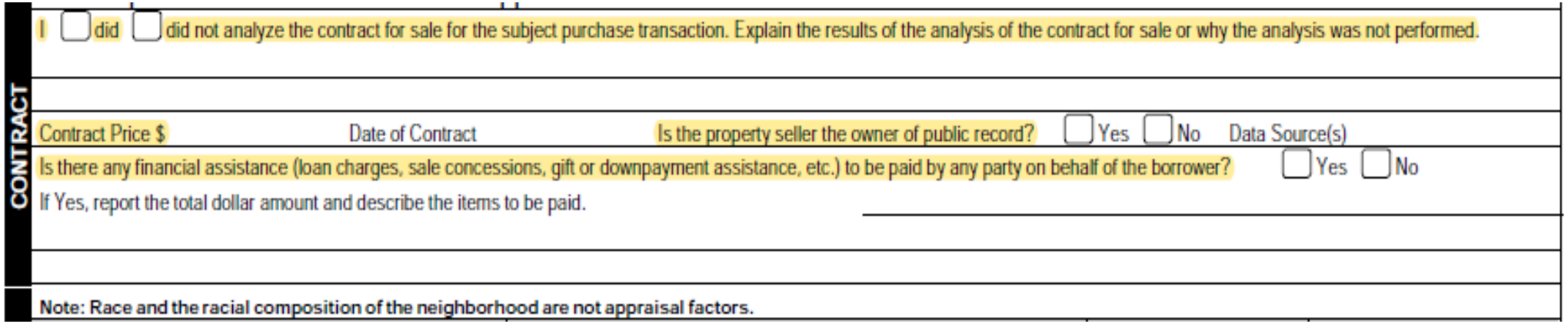
- Check the subject property address to ensure it is correct. The Borrower should also be a business.
- A complete legal description of the subject property should be noted on the appraisal report. The legal description provided within the appraisal report must conform to the information within the application, the purchase agreement and the preliminary title report.
- Check for occupancy. Must not be Owner Occupied. In a rehab scenario, depending on the scope of work, we would want the box to be checked as Vacant. We do not want a tenant holding up our borrower's loan and rehab work. If tenant occupied, we may want a letter from the tenant stating they are aware and ok with the work being done.
- Check to see if property is a PUD. If property is a PUD, check to see if there is an HOA payment. This should match what we have in Decipher
- Property rights appraised should be Fee Simple, or Leasehold.
- Check report to confirm that it is in the name of Citadel Servicing Corporation.
- If the loan is a purchase, check to see if the seller is the owner of public record. The 'Yes' box should be checked.

SUBJECT

Property Address 1471 Teekwood Cv	City Memphis	State TN Zip Code 38134
Borrower Tina Andrade	Owner of Public Record Killen Ann T	County Shelby
Legal Description Deed Instrument# 91 (Shelby County Register's Office)		
Assessor's Parcel # 089010 0004	Tax Year 2020	R.E. Taxes $ 1,518
Neighborhood Name Williford Estates BLK B	Map Reference 033-001	Census Tract 0211.22
Occupant ☐ Owner ☐ Tenant ☒ Vacant	Special Assessments $ 0 ☐ PUD	HOA $ 0 ☐ per year ☐ per month
Property Rights Appraised ☒ Fee Simple ☐ Leasehold ☐ Other (describe)		
Assignment Type ☐ Purchase Transaction ☐ Refinance Transaction ☒ Other (describe) Ascertain Market Value		
Lender/Client RCN Capital	Address 75 Gerber Road, South Windsor, CT 06074	
Is the subject property currently offered for sale or has it been offered for sale in the twelve months prior to the effective date of this appraisal? ☐ Yes ☒ No		
Report data source(s) used, offering price(s), and date(s). MAAR-MLS records do not indicate the subject is listed or offered for sale within the 12 months prior to this most recent date of appraisal		

Reviewing the Contract Section of the Appraisal

- Verify that the Appraiser did review the purchase contract.
- Verify if transaction is arms-length or non-arms length. Acra Lending does not lend on non-arms length transactions.
- Verify that the purchase price is correct.
- Verify if the seller is the owner on record.
- Check to see if there was any financial assistance. This is a red flag if checked 'Yes'.



CONTRACT

I ☐ did ☐ did not analyze the contract for sale for the subject purchase transaction. Explain the results of the analysis of the contract for sale or why the analysis was not performed.

Contract Price $ Date of Contract Is the property seller the owner of public record? ☐ Yes ☐ No Data Source(s)

Is there any financial assistance (loan charges, sale concessions, gift or downpayment assistance, etc.) to be paid by any party on behalf of the borrower? ☐ Yes ☐ No

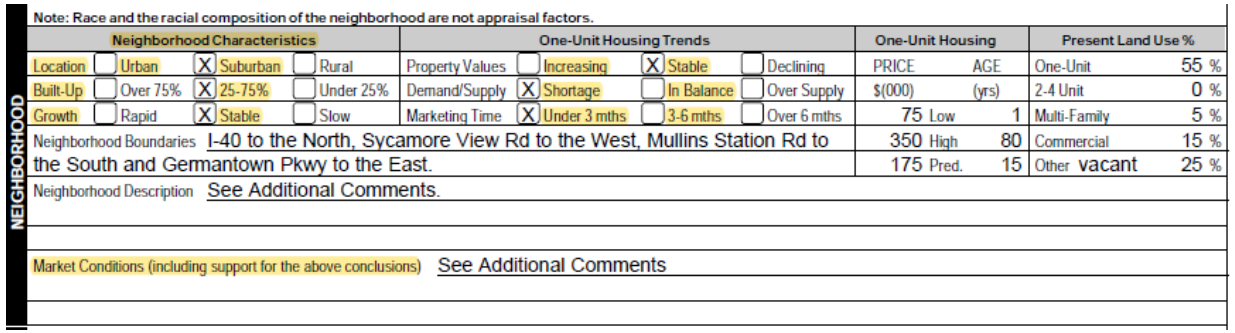
If Yes, report the total dollar amount and describe the items to be paid.

Note: Race and the racial composition of the neighborhood are not appraisal factors.

Reviewing the Neighborhood Section of the Appraisal

- Review the Neighborhood Characteristics of the report

1. The location should be either Urban or Suburban. Acra Lending does not lend on rural properties.
2. Built up ideally should be between 25%-75% because these figures show a steady growth pattern. Anything outside this parameter requires a comment from the appraiser.
3. Growth rate should ideally be stable. If not stable, Appraiser should comment.
4. Property values ideally should be stable or increasing. If not, Appraiser should comment.
5. Demand and Supply should ideally be in balance or shortage. If not, Appraiser should comment.
6. Marketing time should be ideally under 3 months but not more than 6 months. If not, Appraiser should comment.
7. Appraiser to comment on neighborhood boundaries, neighborhood description, and market conditions.



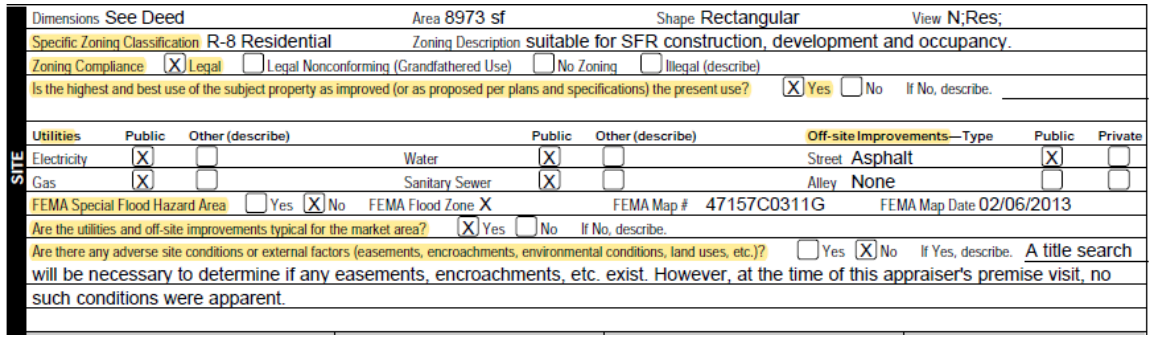
NEIGHBORHOOD

Note: Race and the racial composition of the neighborhood are not appraisal factors.

Neighborhood Characteristics				One-Unit Housing Trends				One-Unit Housing		Present Land Use %	
Location	☐ Urban	☒ Suburban	☐ Rural	Property Values	☐ Increasing	☒ Stable	☐ Declining	PRICE	AGE	One-Unit	55 %
Built-Up	☐ Over 75%	☒ 25-75%	☐ Under 25%	Demand/Supply	☒ Shortage	☐ In Balance	☐ Over Supply	$(000)	(yrs)	2-4 Unit	0 %
Growth	☐ Rapid	☒ Stable	☐ Slow	Marketing Time	☒ Under 3 mths	☐ 3-6 mths	☐ Over 6 mths	75 Low	1	Multi-Family	5 %
Neighborhood Boundaries	I-40 to the North, Sycamore View Rd to the West, Mullins Station Rd to							350 High	80	Commercial	15 %
the South and Germantown Pkwy to the East.								175 Pred.	15	Other vacant	25 %
Neighborhood Description	See Additional Comments.										
Market Conditions (including support for the above conclusions)	See Additional Comments										

Reviewing the Site Section of the Appraisal

- Verify Zoning classification. Ideally, the property should be zoned residential. For example, an R1.
- Zoning compliance should be legal. If checked Illegal, Underwriting may decline the loan. If property is legal Non-Conforming, we may need a rebuild letter from the city
- Check to see if the property is the highest and best use as improved. If the box is checked 'No', This will require further review and Sr. Mgmt approval.
- Verify that the boxes are checked for utilities and off-site improvements. If a street is marked private, the Underwriter may want a road maintenance agreement
- Verify if property is in a Flood Zone
- Appraiser to comment if there is any adverse conditions or external factors if box is checked 'Yes'.



SITE

Dimensions See Deed | Area 8973 sf | Shape Rectangular | View N;Res;

Specific Zoning Classification R-8 Residential | Zoning Description suitable for SFR construction, development and occupancy.

Zoning Compliance [X] Legal [ ] Legal Nonconforming (Grandfathered Use) [ ] No Zoning [ ] Illegal (describe)

Is the highest and best use of the subject property as improved (or as proposed per plans and specifications) the present use? [X] Yes [ ] No If No, describe.

Utilities	Public	Other (describe)		Public	Other (describe)	Off-site Improvements—Type	Public	Private
Electricity	[X]	[ ]	Water	[X]	[ ]	Street Asphalt	[X]	[ ]
Gas	[X]	[ ]	Sanitary Sewer	[X]	[ ]	Alley None	[ ]	[ ]

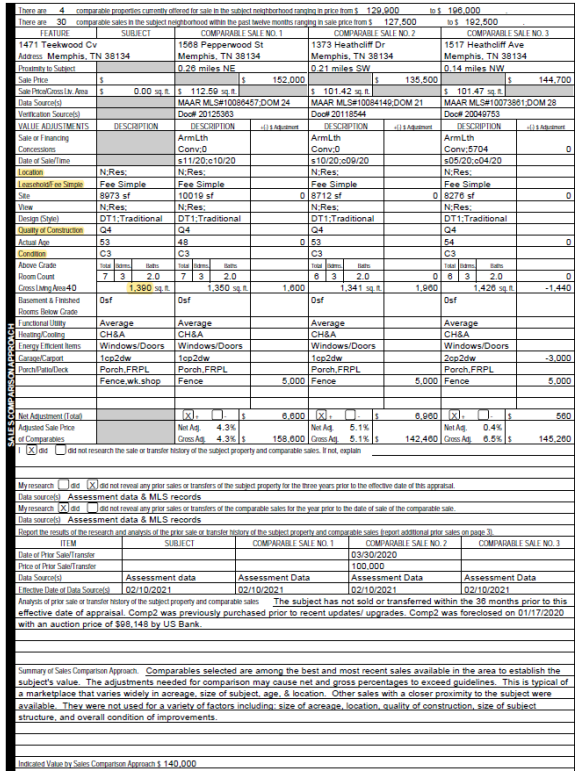
FEMA Special Flood Hazard Area [ ] Yes [X] No FEMA Flood Zone X FEMA Map # 47157C0311G FEMA Map Date 02/06/2013

Are the utilities and off-site improvements typical for the market area? [X] Yes [ ] No If No, describe.

Are there any adverse site conditions or external factors (easements, encroachments, environmental conditions, land uses, etc.)? [ ] Yes [X] No If Yes, describe. A title search will be necessary to determine if any easements, encroachments, etc. exist. However, at the time of this appraiser's premise visit, no such conditions were apparent.

Reviewing the Comps Section of the Appraisal

- Areas of the appraisal to review: Location, Leasehold/Fee Simple, Quality of Construction, Condition, and Gross Living Area to name a few.
- The comps should be similar to our subject property.
- Quality of Construction must be between Q1-Q4.
- Be sure to read all the comments made by the Appraiser.
- The appraisal should have ideally 6 comps. Appraiser to comment if less than that amount.



There are 4 comparable properties currently offered for sale in the subject neighborhood ranging in price from $ 129,900 to $ 196,000

There are 30 comparable sales in the subject neighborhood within the past twelve months ranging in sale price from $ 127,500 to $ 192,500

FEATURE	SUBJECT	COMPARABLE SALE NO. 1		COMPARABLE SALE NO. 2		COMPARABLE SALE NO. 3	
Address	1471 Teekwood Cv Memphis, TN 38134	1568 Pepperwood St Memphis, TN 38134		1373 Heathcliff Dr Memphis, TN 38134		1517 Heatholiff Ave Memphis, TN 38134	
Proximity to Subject		0.26 miles NE		0.21 miles SW		0.14 miles NW	
Sale Price	$	$ 152,000		$ 135,500		$ 144,700	
Sale Price/Gross Liv. Area	$ 0.00 sq. ft.	$ 112.59 sq. ft.		$ 101.42 sq. ft.		$ 101.47 sq. ft.	
Data Source(s)		MAAR MLS#10086457;DOM 24		MAAR MLS#10084149;DOM 21		MAAR MLS#10073861;DOM 28	
Verification Source(s)		Doc# 20125363		Doc# 20118544		Doc# 20049753	
VALUE ADJUSTMENTS	DESCRIPTION	DESCRIPTION	+(-) $ Adjustment	DESCRIPTION	+(-) $ Adjustment	DESCRIPTION	+(-) $ Adjustment
Sale or Financing Concessions		ArmLth Conv;0		ArmLth Conv;0		ArmLth Conv;5704	0
Date of Sale/Time		s11/20;c10/20		s10/20;c09/20		s05/20;c04/20	
Location	N;Res;	N;Res;		N;Res;		N;Res;	
Leasehold/Fee Simple	Fee Simple	Fee Simple		Fee Simple		Fee Simple	
Site	8973 sf	10019 sf	0	8712 sf	0	8276 sf	0
View	N;Res;	N;Res;		N;Res;		N;Res;	
Design (Style)	DT1;Traditional	DT1;Traditional		DT1;Traditional		DT1;Traditional	
Quality of Construction	Q4	Q4		Q4		Q4	
Actual Age	53	48	0	53		54	0
Condition	C3	C3		C3		C3	
Above Grade Room Count	Total 7 Bdrms. 3 Baths 2.0	Total 7 Bdrms. 3 Baths 2.0		Total 6 Bdrms. 3 Baths 2.0	0	Total 6 Bdrms. 3 Baths 2.0	0
Gross Living Area+40	1,390 sq. ft.	1,350 sq. ft.	1,600	1,341 sq. ft.	1,960	1,426 sq. ft.	-1,440
Basement & Finished Rooms Below Grade	0sf	0sf		0sf		0sf	
Functional Utility	Average	Average		Average		Average	
Heating/Cooling	CH&A	CH&A		CH&A		CH&A	
Energy Efficient Items	Windows/Doors	Windows/Doors		Windows/Doors		Windows/Doors	
Garage/Carport	1cp2dw	1cp2dw		1cp2dw		2cp2dw	-3,000
Porch/Patio/Deck	Porch,FRPL	Porch,FRPL		Porch,FRPL		Porch,FRPL	
	Fence,wk,shop	Fence	5,000	Fence	5,000	Fence	5,000
Net Adjustment (Total)		[X] + [ ] - $	6,600	[X] + [ ] - $	6,960	[X] + [ ] - $	560
Adjusted Sale Price of Comparables		Net Adj. 4.3% Gross Adj. 4.3% $	158,600	Net Adj. 5.1% Gross Adj. 5.1% $	142,460	Net Adj. 0.4% Gross Adj. 6.5% $	145,260

I [X] did [ ] did not research the sale or transfer history of the subject property and comparable sales. If not, explain

My research [ ] did [X] did not reveal any prior sales or transfers of the subject property for the three years prior to the effective date of this appraisal.

Data source(s) Assessment data & MLS records

My research [X] did [ ] did not reveal any prior sales or transfers of the comparable sales for the year prior to the date of sale of the comparable sale.

Data source(s) Assessment data & MLS records

Report the results of the research and analysis of the prior sale or transfer history of the subject property and comparable sales (report additional prior sales on page 3).

ITEM	SUBJECT	COMPARABLE SALE NO. 1	COMPARABLE SALE NO. 2	COMPARABLE SALE NO. 3
Date of Prior Sale/Transfer			03/30/2020	
Price of Prior Sale/Transfer			100,000	
Data Source(s)	Assessment data	Assessment Data	Assessment Data	Assessment Data
Effective Date of Data Source(s)	02/10/2021	02/10/2021	02/10/2021	02/10/2021

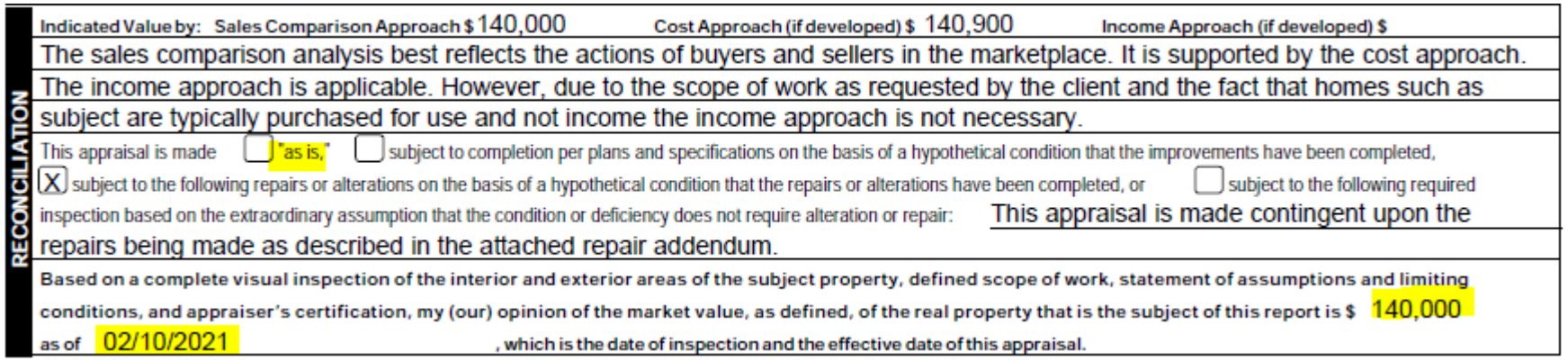
Analysis of prior sale or transfer history of the subject property and comparable sales The subject has not sold or transferred within the 36 months prior to this effective date of appraisal. Comp2 was previously purchased prior to recent updates/ upgrades. Comp2 was foreclosed on 01/17/2020 with an auction price of $98,148 by US Bank.

Summary of Sales Comparison Approach. Comparables selected are among the best and most recent sales available in the area to establish the subject's value. The adjustments needed for comparison may cause net and gross percentages to exceed guidelines. This is typical of a marketplace that varies widely in acreage, size of subject, age, & location. Other sales with a closer proximity to the subject were available. They were not used for a variety of factors including: size of acreage, location, quality of construction, size of subject structure, and overall condition of improvements.

Indicated Value by Sales Comparison Approach $ 140,000

Reviewing the Reconciliation Section of the Appraisal

- The Appraisal should state As-Is value. Must include ARV if loan is a rehab
- Check for the appraised value and the effective date of the appraisal
- As-Is value returned for 20% higher or lower than expected would be an issue and could slow down the file



RECONCILIATION

Indicated Value by: Sales Comparison Approach $ 140,000 Cost Approach (if developed) $ 140,900 Income Approach (if developed) $

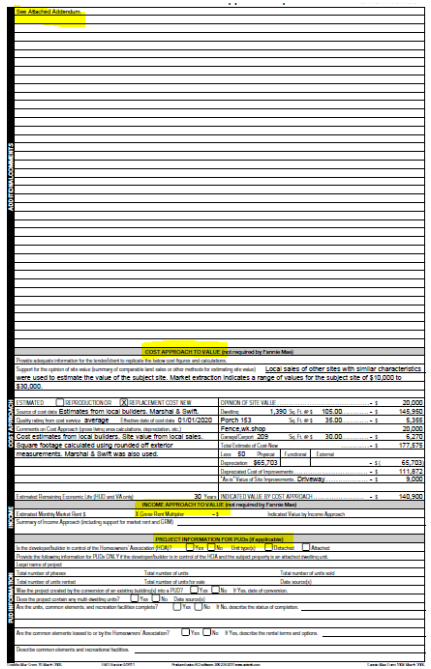
The sales comparison analysis best reflects the actions of buyers and sellers in the marketplace. It is supported by the cost approach. The income approach is applicable. However, due to the scope of work as requested by the client and the fact that homes such as subject are typically purchased for use and not income the income approach is not necessary.

This appraisal is made ☐ "as is," ☐ subject to completion per plans and specifications on the basis of a hypothetical condition that the improvements have been completed, ☒ subject to the following repairs or alterations on the basis of a hypothetical condition that the repairs or alterations have been completed, or ☐ subject to the following required inspection based on the extraordinary assumption that the condition or deficiency does not require alteration or repair: This appraisal is made contingent upon the repairs being made as described in the attached repair addendum.

Based on a complete visual inspection of the interior and exterior areas of the subject property, defined scope of work, statement of assumptions and limiting conditions, and appraiser's certification, my (our) opinion of the market value, as defined, of the real property that is the subject of this report is $ 140,000 as of 02/10/2021 , which is the date of inspection and the effective date of this appraisal.

Reviewing the Reconciliation Section of the Appraisal

- Be sure to read any comments stated in the additional comments section
- Review Cost Approach to Value
- Review Income Approach to Value if applicable
- Review Project Information for PUDs if applicable



See Attached Addendum

COST APPROACH TO VALUE (not required by Fannie Mae)

Provide adequate information for the lender/client to replicate the below cost figures and calculations.

Support for the opinion of site value (summary of comparable land sales or other methods for estimating site value) Local sales of other sites with similar characteristics were used to estimate the value of the subject site. Market extraction indicates a range of values for the subject site of $10,000 to $30,000.

ESTIMATED ☐ REPRODUCTION OR ☒ REPLACEMENT COST NEW

Source of cost data Estimates from local builders, Marshal & Swift

Quality rating from cost service Average Effective date of cost data 01/01/2020

Comments on Cost Approach (gross living area calculations, depreciation, etc.)

Cost estimates from local builders. Site value from local sales. Square footage calculated using rounded off exterior measurements. Marshal & Swift was also used.

OPINION OF SITE VALUE				
Dwelling	1,390	Sq. Ft. @ $	105.00	= $ 145,950
Porch 163		Sq. Ft. @ $	36.00	= $ 5,868
Fence,wk shop				= $ 20,000
Garage/Carport 309		Sq. Ft. @ $	30.00	= $ 9,270
Total Estimate of Cost-New				= $ 177,676
Less 60 Physical	Functional	External		
Depreciation $65,703				= $ 65,703
Depreciated Cost of Improvements				= $ 111,972
As-is" Value of Site Improvements Driveway				= $ 9,000
INDICATED VALUE BY COST APPROACH				= $ 140,900

Estimated Remaining Economic Life (HUD and VA only) 30 Years

INCOME APPROACH TO VALUE (not required by Fannie Mae)

Estimated Monthly Market Rent $ X Gross Rent Multiplier = $ Indicated Value by Income Approach

Summary of Income Approach (including support for market rent and GRM)

PROJECT INFORMATION FOR PUDs (if applicable)

Is the developer/builder in control of the Homeowners' Association (HOA)? ☐ Yes ☐ No Unit type(s) ☐ Detached ☐ Attached

Provide the following information for PUDs ONLY if the developer/builder is in control of the HOA and the subject property is an attached dwelling unit.

Legal name of project

Total number of phases Total number of units Total number of units sold

Total number of units rented Total number of units for sale Data source(s)

Was the project created by the conversion of an existing building(s) into a PUD? ☐ Yes ☐ No If Yes, date of conversion.

Does the project contain any multi-dwelling units? ☐ Yes ☐ No Data source(s)

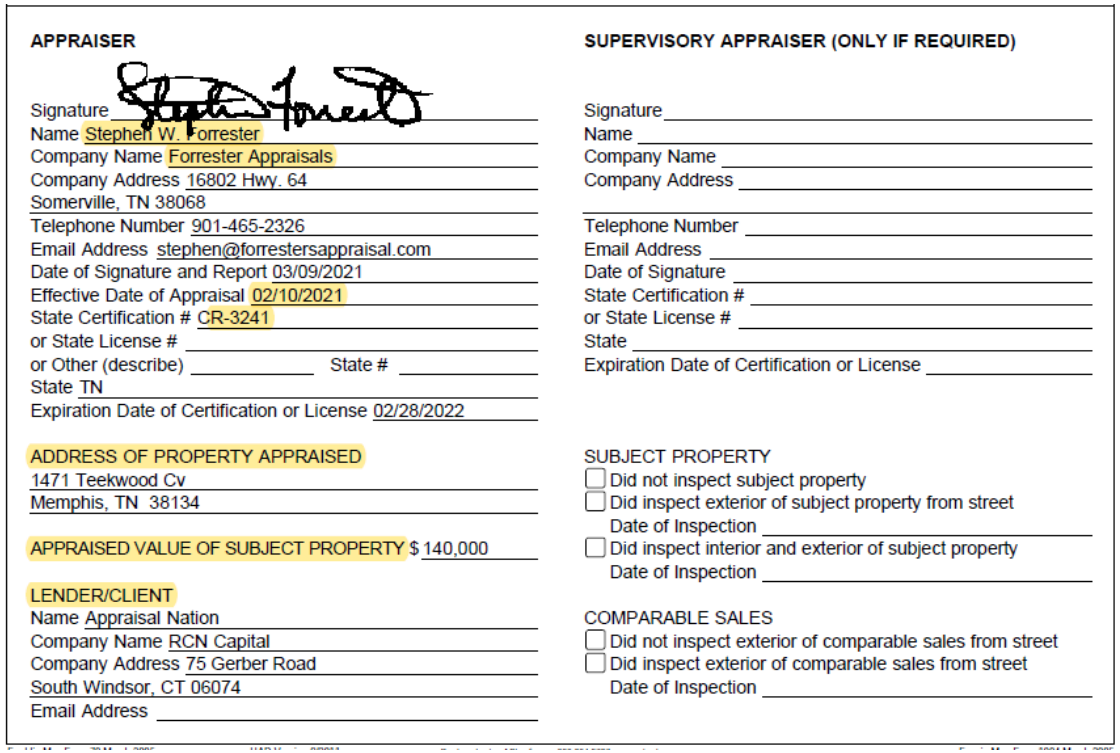
Are the units, common elements, and recreation facilities complete? ☐ Yes ☐ No If No, describe the status of completion.

Are the common elements leased to or by the Homeowners' Association? ☐ Yes ☐ No If Yes, describe the rental terms and options.

Describe common elements and recreational facilities.

Reviewing the Appraiser's Certification Section of the Appraisal

- Verify that the appraiser signed the appraisal in all areas of the report
- Review the name of the appraiser, company name, effective date of the appraisal, state certification number, subject property address, appraised value, and confirm that Citadel Servicing Corporation is the lender/client.



APPRAISER

Signature
Name Stephen W. Forrester
Company Name Forrester Appraisals
Company Address 16802 Hwy. 64
Somerville, TN 38068
Telephone Number 901-465-2326
Email Address stephen@forrestersappraisal.com
Date of Signature and Report 03/09/2021
Effective Date of Appraisal 02/10/2021
State Certification # CR-3241
or State License #
or Other (describe) State #
State TN
Expiration Date of Certification or License 02/28/2022

ADDRESS OF PROPERTY APPRAISED
1471 Teekwood Cv
Memphis, TN 38134

APPRAISED VALUE OF SUBJECT PROPERTY $ 140,000

LENDER/CLIENT
Name Appraisal Nation
Company Name RCN Capital
Company Address 75 Gerber Road
South Windsor, CT 06074
Email Address

SUPERVISORY APPRAISER (ONLY IF REQUIRED)

Signature
Name
Company Name
Company Address
Telephone Number
Email Address
Date of Signature
State Certification #
or State License #
State
Expiration Date of Certification or License

SUBJECT PROPERTY
☐ Did not inspect subject property
☐ Did inspect exterior of subject property from street
Date of Inspection
☐ Did inspect interior and exterior of subject property
Date of Inspection

COMPARABLE SALES
☐ Did not inspect exterior of comparable sales from street
☐ Did inspect exterior of comparable sales from street
Date of Inspection

Subject Property and Comparable Photos

- Carefully review each photo
- Be sure your appraisal comes with an address verification photo
- Review if there is evidence of occupancy if the Occupant box is checked vacant
- Review the location map on the appraisal. The Comparables should be located in close proximity to the subject property. (Ideally within 3 miles) If not, Appraiser to comment on why. For example, appraiser to explain why a comp is 5 miles away.
- The photos of the subject property and comparables must be actual photos. Photos from other sources is not permitted.
- Photos must be legible and clear.
- Carbon monoxide and fire alarm photos are required
- Address verification photo of the subject property is required.

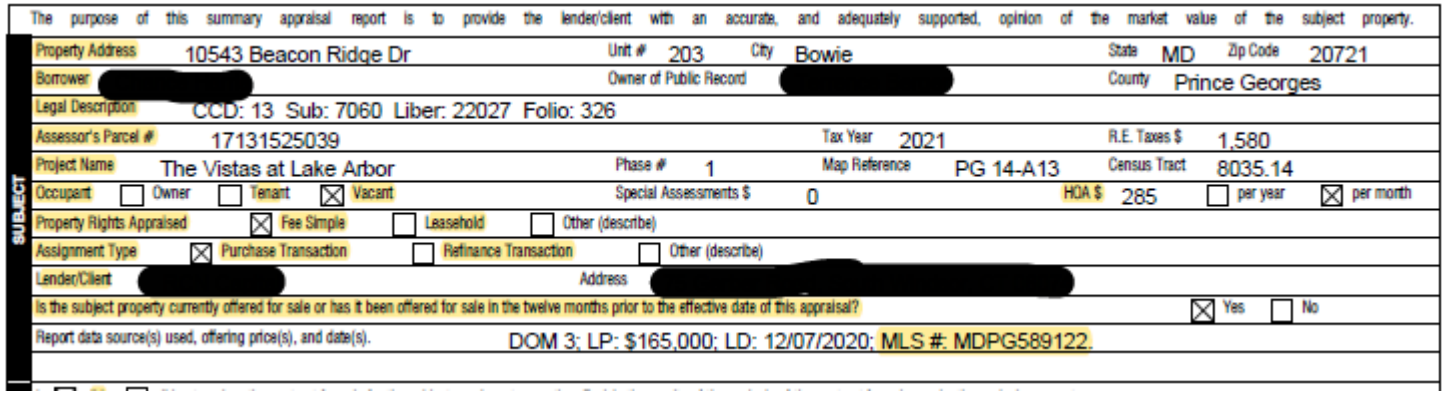
Part Two

- Review of Form 1073 for condo properties

Reviewing the Subject Section of the Appraisal

- Review the following areas;

1. Property address
2. Borrower
3. Legal description
4. APN
5. Project name
6. Occupant
7. HOA payment
8. Property rights appraised
9. Assignment type
10. Lender/Client
11. Check to see if property has been offered for sale within the last 12 months
12. If MLS was used, the appraisal should include the MLS number that is associated with the property



The purpose of this summary appraisal report is to provide the lender/client with an accurate, and adequately supported, opinion of the market value of the subject property.

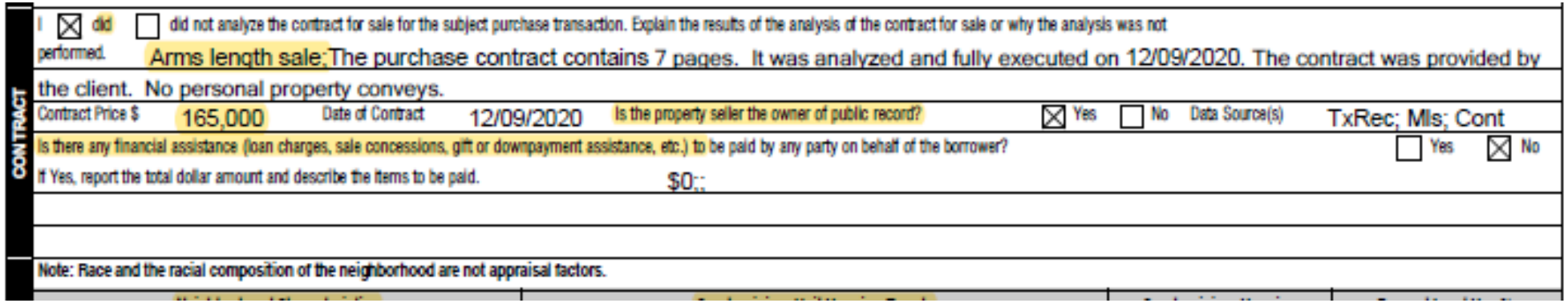
SUBJECT

Property Address	10543 Beacon Ridge Dr	Unit #	203	City	Bowie	State MD	Zip Code 20721
Borrower	[redacted]	Owner of Public Record	[redacted]			County	Prince Georges
Legal Description	CCD: 13 Sub: 7060 Liber: 22027 Folio: 326						
Assessor's Parcel #	17131525039			Tax Year	2021	R.E. Taxes $	1,580
Project Name	The Vistas at Lake Arbor	Phase #	1	Map Reference	PG 14-A13	Census Tract	8035.14
Occupant	☐ Owner ☐ Tenant ☒ Vacant	Special Assessments $	0			HOA $ 285	☐ per year ☒ per month
Property Rights Appraised	☒ Fee Simple ☐ Leasehold ☐ Other (describe)						
Assignment Type	☒ Purchase Transaction ☐ Refinance Transaction ☐ Other (describe)						
Lender/Client	[redacted]	Address	[redacted]				
Is the subject property currently offered for sale or has it been offered for sale in the twelve months prior to the effective date of this appraisal?						☒ Yes	☐ No
Report data source(s) used, offering price(s), and date(s).	DOM 3; LP: $165,000; LD: 12/07/2020; MLS #: MDPG589122.						

Reviewing the Contract Section of the Appraisal

- Review the following areas;

1. The appraiser should state that the purchase contract was reviewed
2. If the transaction is arms-length or non-arms length
3. Contract price
4. Is the seller the owner on public record
5. If there is financial assistance provided



CONTRACT

I ☒ did ☐ did not analyze the contract for sale for the subject purchase transaction. Explain the results of the analysis of the contract for sale or why the analysis was not performed. Arms length sale;The purchase contract contains 7 pages. It was analyzed and fully executed on 12/09/2020. The contract was provided by the client. No personal property conveys.

Contract Price $ 165,000 Date of Contract 12/09/2020 Is the property seller the owner of public record? ☒ Yes ☐ No Data Source(s) TxRec; Mls; Cont

Is there any financial assistance (loan charges, sale concessions, gift or downpayment assistance, etc.) to be paid by any party on behalf of the borrower? ☐ Yes ☒ No

If Yes, report the total dollar amount and describe the items to be paid. $0;;

Note: Race and the racial composition of the neighborhood are not appraisal factors.

Reviewing the Neighborhood Section of the Appraisal

- Review the following areas;

1. Neighborhood characteristics
2. Condominium Unit Housing Trends
3. Review appraiser's comments on the Neighborhood Boundaries, Neighborhood Description, and Market Conditions

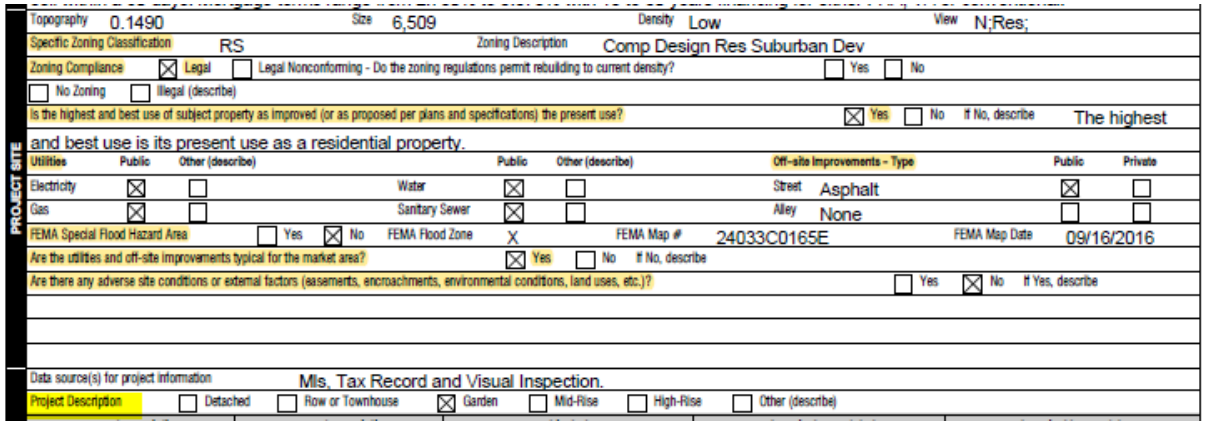
NEIGHBORHOOD

Neighborhood Characteristics						Condominium Unit Housing Trends						Condominium Housing			Present Land Use %	
Location	☐ Urban	☒ Suburban	☐ Rural			Property Values	☐ Increasing	☒ Stable	☐ Declining			PRICE		AGE	One-Unit	85 %
Built-Up	☒ Over 75%	☐ 25-75%	☐ Under 25%			Demand/Supply	☐ Shortage	☒ In Balance	☐ Over Supply			$ (000)		(yrs)	2-4 Unit	%
Growth	☐ Rapid	☒ Stable	☐ Slow			Marketing Time	☒ Under 3 mths	☐ 3-6 mths	☐ Over 6 mths			159	Low	31	Multi-Family	%
Neighborhood Boundaries	are defined by Campus Way N - North, Central Ave - South, Campus Way N -											183	High	32	Commercial	%
Northeast and Arbor Park Pl - West.												165	Pred.	32	Other	15 %
Neighborhood Description	Subject property is in close proximity to local amenities, including an area hospital, shopping centers, schools, public															
transportation, recreation, highway access, etc. All within a short commute via public roads. *Present Land Use %: "Other" represents																
vacant/undeveloped land. The present land use does not have a negative impact on the Subject's value & marketability.																
Market Conditions (including support for the above conclusions)	The market conditions appear to be stable. There still appears to be a balance between															
supply and demand in the neighborhood. Considering the LP is consistent with the market value; homes within the subject market, on average,																
sell within a 90 days. Mortgage terms range from 2.750% to 3.375% with 15 to 30 years financing for either FHA, VA or conventional.																

Reviewing the Project Site Section of the Appraisal

- Review the following areas;

1. Specific Zoning Classification
2. Zoning Compliance
3. Highest and Best Use of subject property as improved
4. Utilities
5. Off-Site improvements
6. Flood Zone
7. Utilities and Off-Site improvements typical for the market area
8. Adverse conditions
9. Project description



PROJECT SITE

Topography 0.1490 | Size 6,509 | Density Low | View N;Res;

Specific Zoning Classification RS | Zoning Description Comp Design Res Suburban Dev

Zoning Compliance ☒ Legal ☐ Legal Nonconforming - Do the zoning regulations permit rebuilding to current density? ☐ Yes ☐ No

☐ No Zoning ☐ Illegal (describe)

Is the highest and best use of subject property as improved (or as proposed per plans and specifications) the present use? ☒ Yes ☐ No If No, describe The highest and best use is its present use as a residential property.

Utilities	Public	Other (describe)		Public	Other (describe)	Off-site Improvements - Type	Public	Private
Electricity	☒	☐	Water	☒	☐	Street Asphalt	☒	☐
Gas	☒	☐	Sanitary Sewer	☒	☐	Alley None	☐	☐

FEMA Special Flood Hazard Area ☐ Yes ☒ No | FEMA Flood Zone X | FEMA Map # 24033C0165E | FEMA Map Date 09/16/2016

Are the utilities and off-site improvements typical for the market area? ☒ Yes ☐ No If No, describe

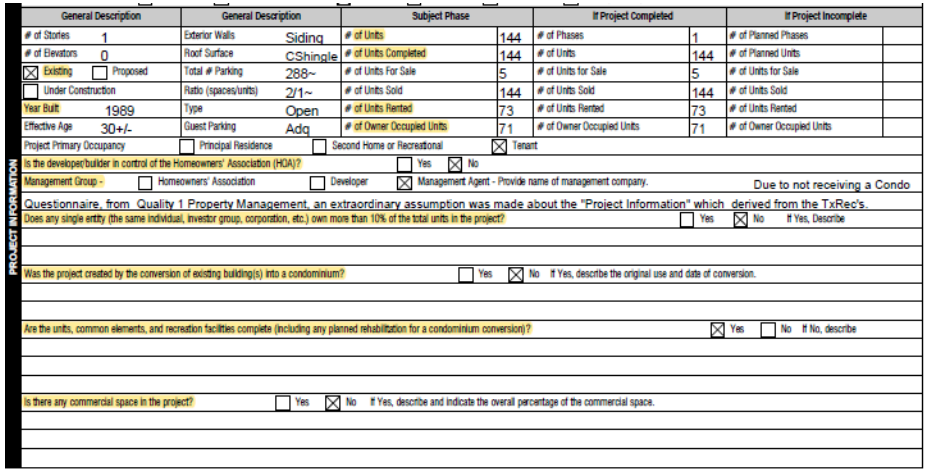
Are there any adverse site conditions or external factors (easements, encroachments, environmental conditions, land uses, etc.)? ☐ Yes ☒ No If Yes, describe

Data source(s) for project information Mls, Tax Record and Visual Inspection.

Project Description ☐ Detached ☐ Row or Townhouse ☒ Garden ☐ Mid-Rise ☐ High-Rise ☐ Other (describe)

Reviewing the Project Information Section of the Appraisal

- Review the General Description. Subject property should be marked as existing. Also, review the year built
- Review the Subject Phase. A red flag would be 60% of the Condo association is not owner occupied. To determine this figure, divide number of owner occupied units into the total number of units.
- Review if the developer/builder is in control of the HOA
- Review to determine if project was created by the conversion of existing units. Appraiser to comment if the box is checked 'Yes'.
- Review whether the units, common elements, and recreation facilities are complete. If not, appraiser to comment.
- Review whether there are any commercial space in the project. This may indicate a mixed-use property and may kill the loan



PROJECT INFORMATION

General Description		General Description		Subject Phase		If Project Completed		If Project Incomplete	
# of Stories	1	Exterior Walls	Siding	# of Units	144	# of Phases	1	# of Planned Phases	
# of Elevators	0	Roof Surface	CShingle	# of Units Completed	144	# of Units	144	# of Planned Units	
☒ Existing ☐ Proposed		Total # Parking	288~	# of Units For Sale	5	# of Units for Sale	5	# of Units for Sale	
☐ Under Construction		Ratio (spaces/units)	2/1~	# of Units Sold	144	# of Units Sold	144	# of Units Sold	
Year Built	1989	Type	Open	# of Units Rented	73	# of Units Rented	73	# of Units Rented	
Effective Age	30+/-	Guest Parking	Adq	# of Owner Occupied Units	71	# of Owner Occupied Units	71	# of Owner Occupied Units	

Project Primary Occupancy ☐ Principal Residence ☐ Second Home or Recreational ☒ Tenant

Is the developer/builder in control of the Homeowners' Association (HOA)? ☐ Yes ☒ No

Management Group - ☐ Homeowners' Association ☐ Developer ☒ Management Agent - Provide name of management company. Due to not receiving a Condo Questionnaire, from Quality 1 Property Management, an extraordinary assumption was made about the "Project Information" which derived from the TxRec's.

Does any single entity (the same individual, investor group, corporation, etc.) own more than 10% of the total units in the project? ☐ Yes ☒ No If Yes, Describe

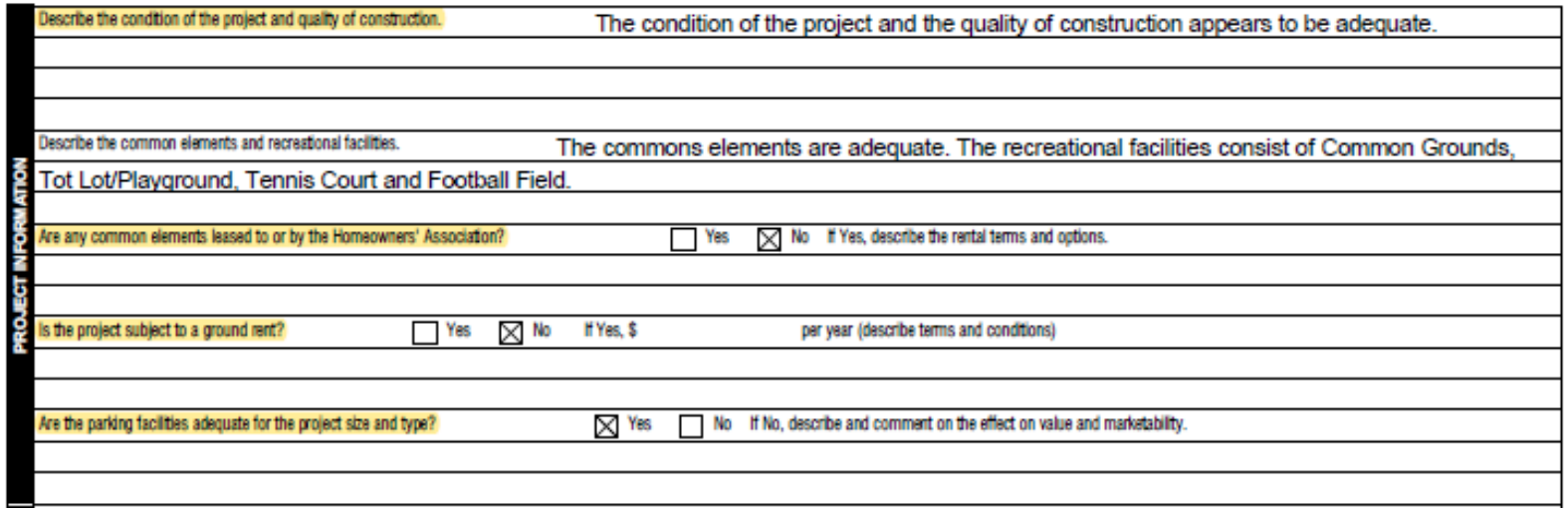
Was the project created by the conversion of existing building(s) into a condominium? ☐ Yes ☒ No If Yes, describe the original use and date of conversion.

Are the units, common elements, and recreation facilities complete (including any planned rehabilitation for a condominium conversion)? ☒ Yes ☐ No If No, describe

Is there any commercial space in the project? ☐ Yes ☒ No If Yes, describe and indicate the overall percentage of the commercial space.

Reviewing the Project Information Section of the Appraisal Continued

- Review the appraiser's description of the condition of the project and quality of construction
- Review to determine if there are any common elements leased to or by the HOA. Appraiser to comment if the box is checked 'Yes'.
- Review to determine if the parking facilities is adequate for the project size and type. Appraiser to comment if the box is checked 'Yes'.



PROJECT INFORMATION

Describe the condition of the project and quality of construction. The condition of the project and the quality of construction appears to be adequate.

Describe the common elements and recreational facilities. The commons elements are adequate. The recreational facilities consist of Common Grounds, Tot Lot/Playground, Tennis Court and Football Field.

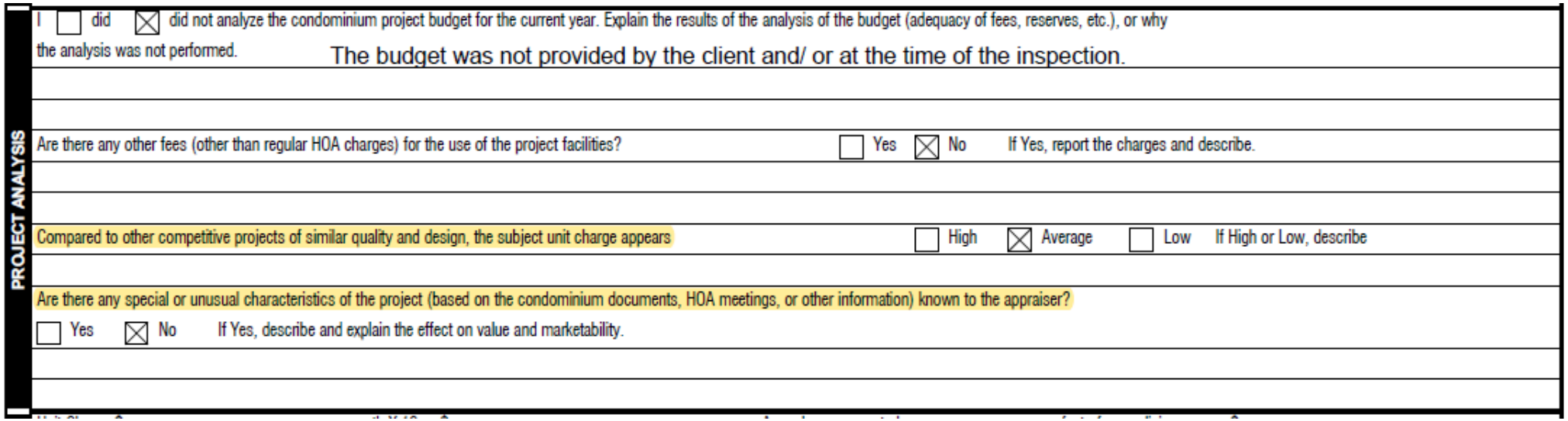
Are any common elements leased to or by the Homeowners' Association? ☐ Yes ☒ No If Yes, describe the rental terms and options.

Is the project subject to a ground rent? ☐ Yes ☒ No If Yes, $ per year (describe terms and conditions)

Are the parking facilities adequate for the project size and type? ☒ Yes ☐ No If No, describe and comment on the effect on value and marketability.

Reviewing the Project Analysis Section of the Appraisal

- *Compared to other competitive projects of similar quality and design, the subject unit charge appears*: Appraiser needs to check one of the boxes. If low, this is a red flag.
- Appraiser to check the box on whether there is any special or unusual characteristics. Appraiser to comment if yes.



PROJECT ANALYSIS

I ☐ did ☒ did not analyze the condominium project budget for the current year. Explain the results of the analysis of the budget (adequacy of fees, reserves, etc.), or why the analysis was not performed. The budget was not provided by the client and/ or at the time of the inspection.

Are there any other fees (other than regular HOA charges) for the use of the project facilities? ☐ Yes ☒ No If Yes, report the charges and describe.

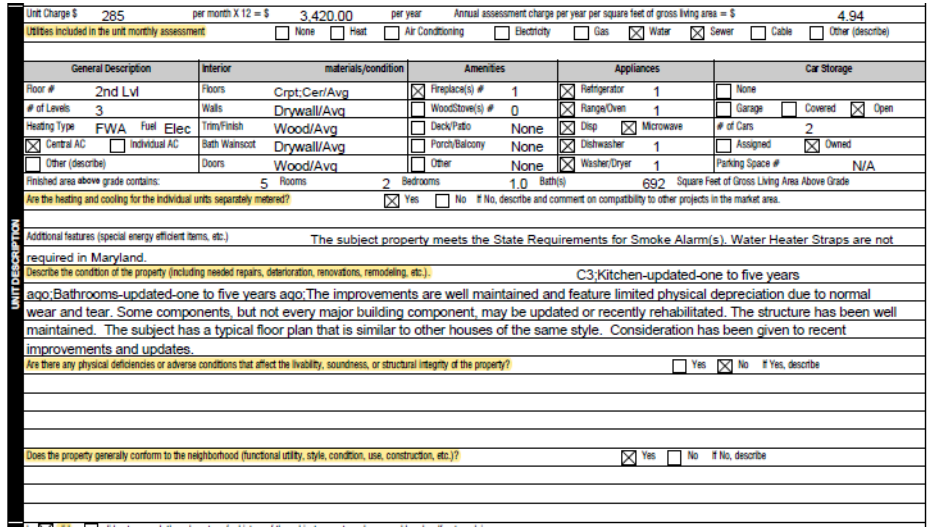
Compared to other competitive projects of similar quality and design, the subject unit charge appears ☐ High ☒ Average ☐ Low If High or Low, describe

Are there any special or unusual characteristics of the project (based on the condominium documents, HOA meetings, or other information) known to the appraiser?

☐ Yes ☒ No If Yes, describe and explain the effect on value and marketability.

Reviewing the Unit Description Section of the Appraisal

- Appraiser to comment on the utilities included in the monthly assessment
- Are the heating and cooling for the individual units separately metered – Appraiser to check the box and comment if the box is checked 'No'.
- Appraiser to comment on the condition of the property. Acra Lending does not lend on C5 and C6 properties
- Appraiser to comment on any physical deficiencies or adverse conditions. There should not be any physical deficiencies or adverse conditions as it would affect the marketability of the property.
- Appraiser to comment if the property generally conforms to the neighborhood. Nonconformity to a neighborhood is a major red flag.



Unit Charge $ 285 per month X 12 = $ 3,420.00 per year Annual assessment charge per year per square feet of gross living area = $ 4.94

Utilities included in the unit monthly assessment ☐ None ☐ Heat ☐ Air Conditioning ☐ Electricity ☐ Gas ☒ Water ☒ Sewer ☐ Cable ☐ Other (describe)

UNIT DESCRIPTION

General Description		interior materials/condition		Amenities		Appliances		Car Storage	
Floor #	2nd Lvl	Floors	Crpt;Cer/Avg	☒ Fireplace(s) #	1	☒ Refrigerator	1	☐ None	
# of Levels	3	Walls	Drywall/Avg	☐ WoodStove(s) #	0	☒ Range/Oven	1	☐ Garage ☐ Covered ☒ Open	
Heating Type	FWA Fuel Elec	Trim/Finish	Wood/Avg	☐ Deck/Patio	None	☒ Disp ☒ Microwave		# of Cars	2
☒ Central AC ☐ Individual AC		Bath Wainscot	Drywall/Avg	☐ Porch/Balcony	None	☒ Dishwasher	1	☐ Assigned ☒ Owned	
☐ Other (describe)		Doors	Wood/Avg	☐ Other	None	☒ Washer/Dryer	1	Parking Space #	N/A

Finished area above grade contains: 5 Rooms 2 Bedrooms 1.0 Bath(s) 692 Square Feet of Gross Living Area Above Grade

Are the heating and cooling for the individual units separately metered? ☒ Yes ☐ No If No, describe and comment on compatibility to other projects in the market area.

Additional features (special energy efficient items, etc.) The subject property meets the State Requirements for Smoke Alarm(s). Water Heater Straps are not required in Maryland.

Describe the condition of the property (including needed repairs, deterioration, renovations, remodeling, etc.). C3;Kitchen-updated-one to five years ago;Bathrooms-updated-one to five years ago;The improvements are well maintained and feature limited physical depreciation due to normal wear and tear. Some components, but not every major building component, may be updated or recently rehabilitated. The structure has been well maintained. The subject has a typical floor plan that is similar to other houses of the same style. Consideration has been given to recent improvements and updates.

Are there any physical deficiencies or adverse conditions that affect the livability, soundness, or structural integrity of the property? ☐ Yes ☒ No If Yes, describe

Does the property generally conform to the neighborhood (functional utility, style, condition, use, construction, etc.)? ☒ Yes ☐ No If No, describe

Reviewing the Prior Sale History Section of the Appraisal

- Appraiser should research the sale or transfer history of the subject property and comparable sales
- Appraiser should comment on the analysis of prior sale or transfer history of the subject property and comparable sales

PRIOR SALE HISTORY

I ☒ did ☐ did not research the sale or transfer history of the subject property and comparable sales. If not, explain The results of the research are noted in the grid below.

My research ☐ did ☒ did not reveal any prior sales or transfers of the subject property for the three years prior to the effective date of this appraisal.

Data source(s) Tax record, mris and owner.

My research ☒ did ☐ did not reveal any prior sales or transfers of the comparable sales for the year prior to the date of sale of the comparable sale.

Data source(s) Tax record and mris.

Report the results of the research and analysis of the prior sale or transfer history of the subject property and comparable sales (report additional prior sales on page 3).

ITEM	SUBJECT	COMPARABLE SALE #1	COMPARABLE SALE #2	COMPARABLE SALE #3
Date of Prior Sale/Transfer				07/19/2019
Price of Prior Sale/Transfer				$90,000
Data Source(s)	TxID:17131525039	TxID: 17131525153	TxID: 17131521418	TxID: 17131520907
Effective Date of Data Source(s)	01/08/2021	01/08/2021	01/08/2021	01/08/2021

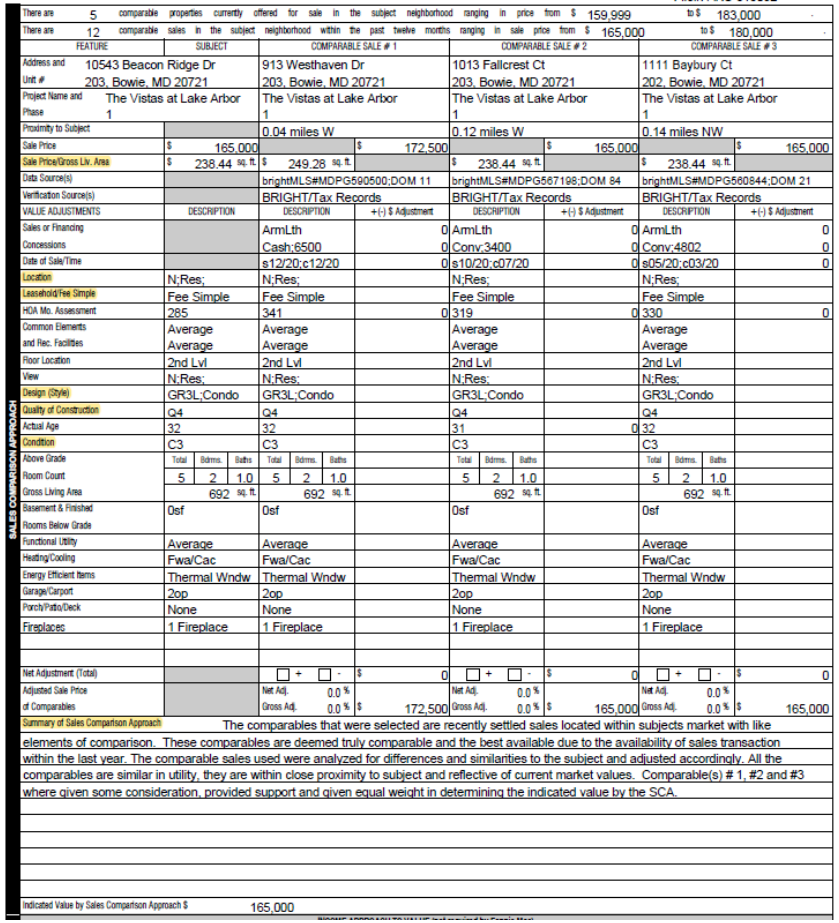
Analysis of prior sale or transfer history of the subject property and comparable sales. Based on the MLS and Public Records the following transfer took place within the last 3 years of the effective date of the subject and 1 year prior to date of sale of the comparable(s): Comparable # 3 transferred as indicated above as a NonArmLth transaction. The SP of comparable #3 has increased by more than 5% from the Price of Prior Sale due to improvements, renovations and market appreciation. There is no record of a prior sale/transfer history of the Subject within 3 years prior to the effective date of the appraisal and Comparable # 1 and #2 within 1 years of date of sale.

Reviewing the Sales Comparison Approach Section of the Appraisal

- Review the following;

1. Sales price and GLA
2. Location
3. Leasehold/fee simple
4. Design
5. Quality of construction
6. condition

- Appraiser to comment on the summary of sales comparison approach



There are 5 comparable properties currently offered for sale in the subject neighborhood ranging in price from $ 159,999 to $ 183,000

There are 12 comparable sales in the subject neighborhood within the past twelve months ranging in sale price from $ 165,000 to $ 180,000

SALES COMPARISON APPROACH

FEATURE	SUBJECT	COMPARABLE SALE # 1		COMPARABLE SALE # 2		COMPARABLE SALE # 3	
Address and Unit #	10543 Beacon Ridge Dr 203, Bowie, MD 20721	913 Westhaven Dr 203, Bowie, MD 20721		1013 Fallcrest Ct 203, Bowie, MD 20721		1111 Baybury Ct 202, Bowie, MD 20721	
Project Name and Phase	The Vistas at Lake Arbor 1	The Vistas at Lake Arbor 1		The Vistas at Lake Arbor 1		The Vistas at Lake Arbor 1	
Proximity to Subject		0.04 miles W		0.12 miles W		0.14 miles NW	
Sale Price	$ 165,000		$ 172,500		$ 165,000		$ 165,000
Sale Price/Gross Liv. Area	$ 238.44 sq. ft.	$ 249.28 sq. ft.		$ 238.44 sq. ft.		$ 238.44 sq. ft.	
Data Source(s)		brightMLS#MDPG590500;DOM 11		brightMLS#MDPG567198;DOM 84		brightMLS#MDPG560844;DOM 21	
Verification Source(s)		BRIGHT/Tax Records		BRIGHT/Tax Records		BRIGHT/Tax Records	
VALUE ADJUSTMENTS	DESCRIPTION	DESCRIPTION	+(-) $ Adjustment	DESCRIPTION	+(-) $ Adjustment	DESCRIPTION	+(-) $ Adjustment
Sales or Financing		ArmLth	0	ArmLth	0	ArmLth	0
Concessions		Cash;6500	0	Conv;3400	0	Conv;4802	0
Date of Sale/Time		s12/20;c12/20	0	s10/20;c07/20	0	s05/20;c03/20	0
Location	N;Res;	N;Res;		N;Res;		N;Res;	
Leasehold/Fee Simple	Fee Simple	Fee Simple		Fee Simple		Fee Simple	
HOA Mo. Assessment	285	341	0	319	0	330	0
Common Elements and Rec. Facilities	Average Average	Average Average		Average Average		Average Average	
Floor Location	2nd Lvl	2nd Lvl		2nd Lvl		2nd Lvl	
View	N;Res;	N;Res;		N;Res;		N;Res;	
Design (Style)	GR3L;Condo	GR3L;Condo		GR3L;Condo		GR3L;Condo	
Quality of Construction	Q4	Q4		Q4		Q4	
Actual Age	32	32		31	0	32	
Condition	C3	C3		C3		C3	
Above Grade Room Count (Total / Bdrms. / Baths)	5 / 2 / 1.0	5 / 2 / 1.0		5 / 2 / 1.0		5 / 2 / 1.0	
Gross Living Area	692 sq. ft.	692 sq. ft.		692 sq. ft.		692 sq. ft.	
Basement & Finished Rooms Below Grade	0sf	0sf		0sf		0sf	
Functional Utility	Average	Average		Average		Average	
Heating/Cooling	Fwa/Cac	Fwa/Cac		Fwa/Cac		Fwa/Cac	
Energy Efficient Items	Thermal Wndw	Thermal Wndw		Thermal Wndw		Thermal Wndw	
Garage/Carport	2op	2op		2op		2op	
Porch/Patio/Deck	None	None		None		None	
Fireplaces	1 Fireplace	1 Fireplace		1 Fireplace		1 Fireplace	
Net Adjustment (Total)		☐ + ☐ -	$ 0	☐ + ☐ -	$ 0	☐ + ☐ -	$ 0
Adjusted Sale Price of Comparables		Net Adj. 0.0 % Gross Adj. 0.0 %	$ 172,500	Net Adj. 0.0 % Gross Adj. 0.0 %	$ 165,000	Net Adj. 0.0 % Gross Adj. 0.0 %	$ 165,000

Summary of Sales Comparison Approach: The comparables that were selected are recently settled sales located within subjects market with like elements of comparison. These comparables are deemed truly comparable and the best available due to the availability of sales transaction within the last year. The comparable sales used were analyzed for differences and similarities to the subject and adjusted accordingly. All the comparables are similar in utility, they are within close proximity to subject and reflective of current market values. Comparable(s) # 1, #2 and #3 where given some consideration, provided support and given equal weight in determining the indicated value by the SCA.

Indicated Value by Sales Comparison Approach $ 165,000

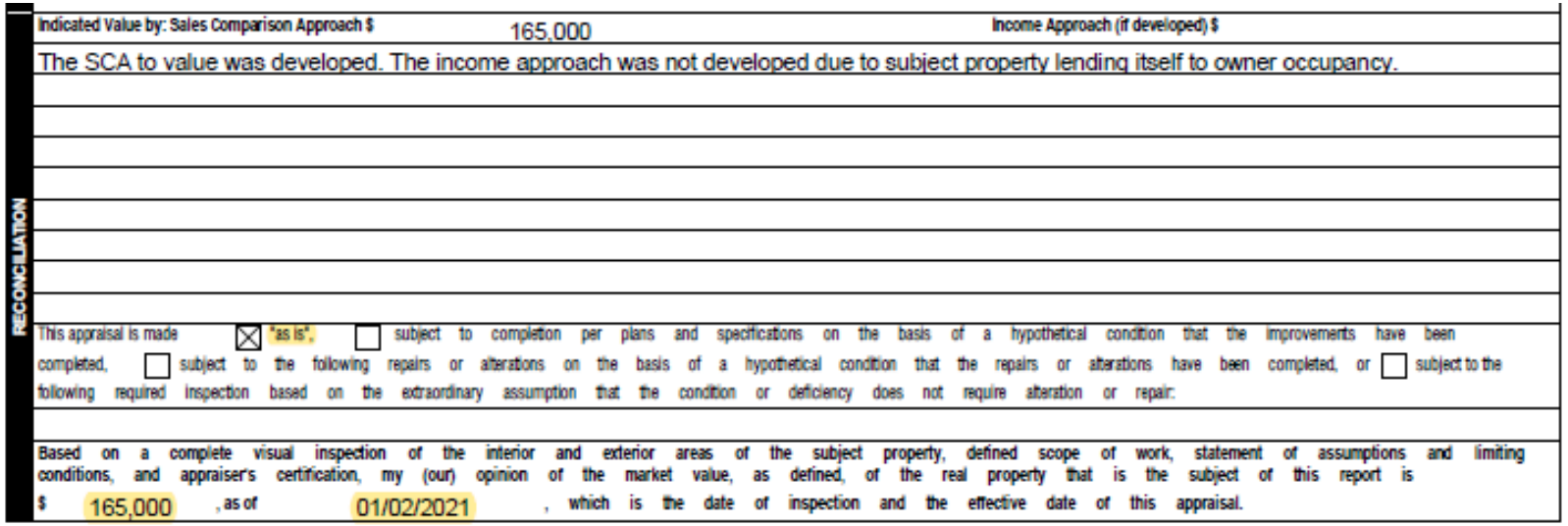
Reviewing the Income Section of the Appraisal

- This applies if there is intention to rent the property as opposed to selling it.
- This section provides details on the market rent for that property

INCOME				
	INCOME APPROACH TO VALUE (not required by Fannie Mae)			
	Estimated Monthly Market Rent $	X Gross Rent Multiplier	= $	Indicated Value by Income Approach
	Summary of Income Approach (including support for market rent and GRM)	N/A		

Reviewing the Reconciliation Section of the Appraisal

- The appraisal should be marked As-Is.
- The value of the property is stated in this section
- Check the date of the appraisal



RECONCILIATION

Indicated Value by: Sales Comparison Approach $ 165,000 Income Approach (if developed) $

The SCA to value was developed. The income approach was not developed due to subject property lending itself to owner occupancy.

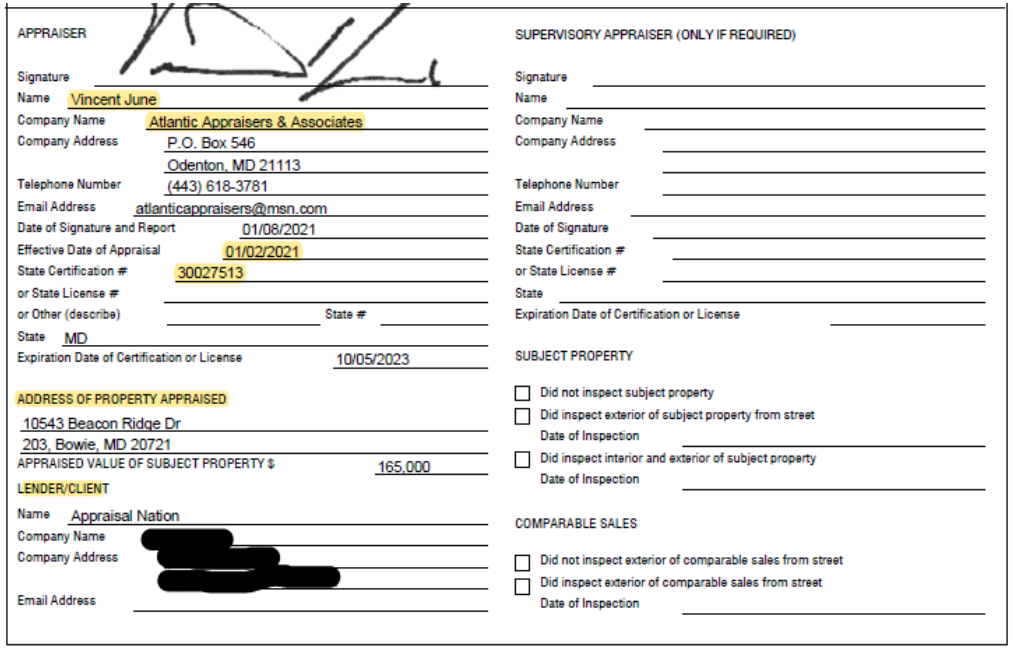
This appraisal is made ☒ "as is", ☐ subject to completion per plans and specifications on the basis of a hypothetical condition that the improvements have been completed, ☐ subject to the following repairs or alterations on the basis of a hypothetical condition that the repairs or alterations have been completed, or ☐ subject to the following required inspection based on the extraordinary assumption that the condition or deficiency does not require alteration or repair:

Based on a complete visual inspection of the interior and exterior areas of the subject property, defined scope of work, statement of assumptions and limiting conditions, and appraiser's certification, my (our) opinion of the market value, as defined, of the real property that is the subject of this report is $ 165,000 , as of 01/02/2021 , which is the date of inspection and the effective date of this appraisal.

Final checks of the appraisal

- Check for the following;

1. That the appraiser signed and dated all areas of the report.
2. Has the correct property address
3. Has the correct Lender/Client



APPRAISER

Signature

Name Vincent June

Company Name Atlantic Appraisers & Associates

Company Address P.O. Box 546
Odenton, MD 21113

Telephone Number (443) 618-3781

Email Address atlanticappraisers@msn.com

Date of Signature and Report 01/08/2021

Effective Date of Appraisal 01/02/2021

State Certification # 30027513

or State License #

or Other (describe) State #

State MD

Expiration Date of Certification or License 10/05/2023

ADDRESS OF PROPERTY APPRAISED

10543 Beacon Ridge Dr
203, Bowie, MD 20721

APPRAISED VALUE OF SUBJECT PROPERTY $ 165,000

LENDER/CLIENT

Name Appraisal Nation

Company Name [redacted]

Company Address [redacted]

Email Address

SUPERVISORY APPRAISER (ONLY IF REQUIRED)

Signature

Name

Company Name

Company Address

Telephone Number

Email Address

Date of Signature

State Certification #

or State License #

State

Expiration Date of Certification or License

SUBJECT PROPERTY

☐ Did not inspect subject property

☐ Did inspect exterior of subject property from street
Date of Inspection

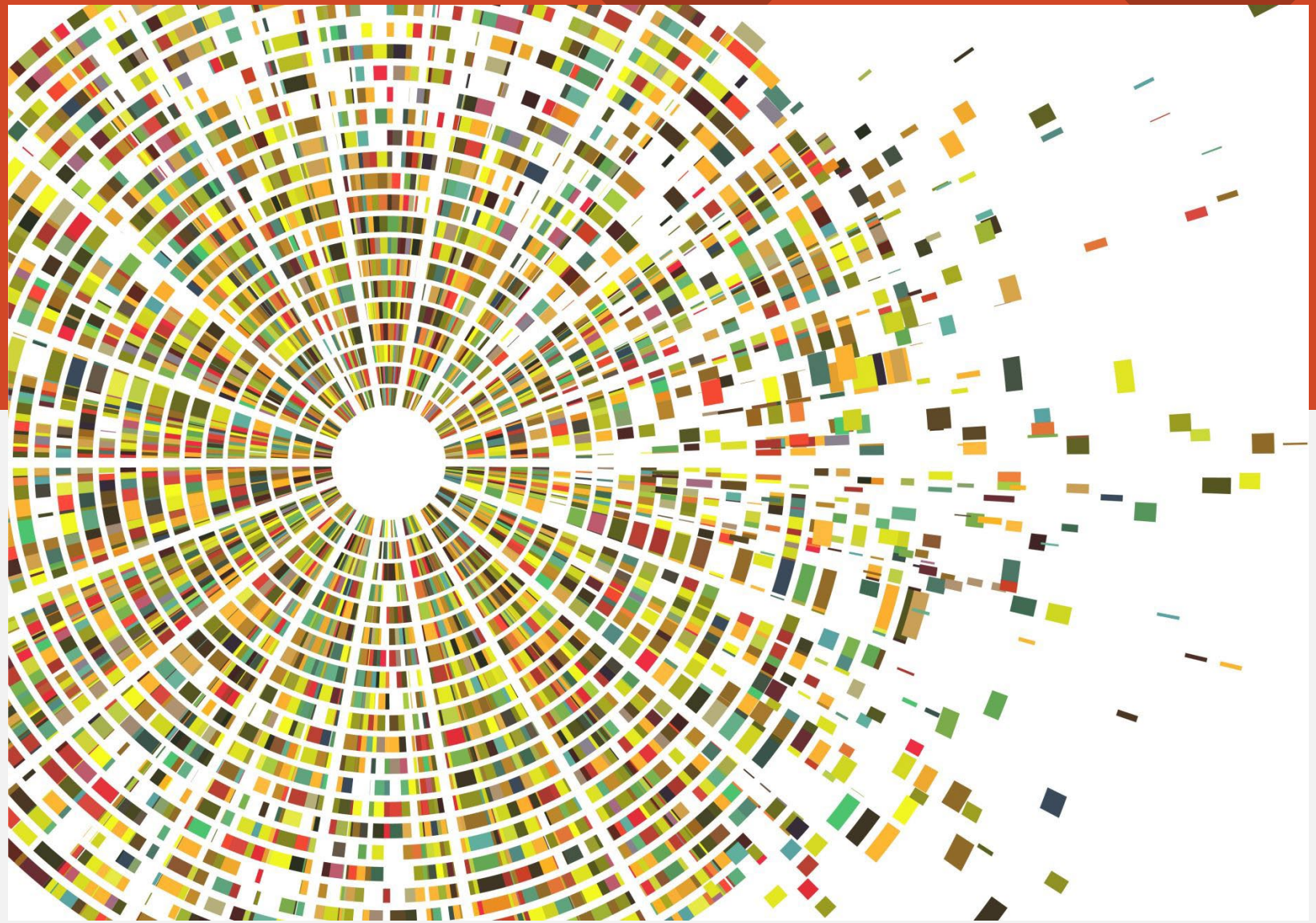
☐ Did inspect interior and exterior of subject property
Date of Inspection

COMPARABLE SALES

☐ Did not inspect exterior of comparable sales from street

☐ Did inspect exterior of comparable sales from street
Date of Inspection

The End of the Presentation



Questions?