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## Order Information

<b>Order Type:</b>	Residential Appraisal	<b>Order Number:</b>	2511-04305
<b>Property Address:</b>	731 Sky Shade Dr Apollo Beach FL 33572 <a href="#">( Additional Resources )</a>	<b>Property County:</b>	Hillsborough
<b>Order Priority:</b>	Normal		
<b>UAD Report Needed:</b>	TRUE		
<b>Order Due Date:</b>	12/2/2025		
<b>Client:</b>	Paramount Residential Mortgage Group	<b>Client Address:</b>	1265 Corona Pointe Ct., STE 301, Corona CA 92879
<b>Branch Name:</b>	675		
<b>Vendor:</b>	Robert Stellflug	<b>Assigned On:</b>	11/25/2025 6:04:41 PM
<b>Vendor Company Name:</b>	Robert Stellflug	<b>Vendor Mailing Address:</b>	5039 IVORY STONE DR, WIMAUMA, FL 33598
<b>Product:</b>	1004 FHA Single Family		
<b>Order Assignment Expiration Time:</b>	11/26/2025 10:04:05 AM (Eastern Standard Time)		
<b>Loan Type:</b>	FHA	<b>Loan Number:</b>	4256186073
<b>Transaction Type:</b>	Purchase	<b>Legal Description:</b>	N/A
<b>FHA Case Number:</b>	098-2400790		
<b>Contact Person:</b>	N/A		
<b>AMC Reg. Number:</b>	MC361		

## Fee Details

<b>Product:</b>	1004 FHA Single Family
<b>Total Vendor's Fee:</b>	350.00
<b>Net Vendor's Fee:</b>	350.00

## Borrower Information

<b>Borrower Name:</b>	Gerardo Gonzalez
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## **Product Specific Instructions**

### **Instructions for 1004 FHA Single Family :**

#### **FHA REPORTS**

##### **Certification Requirement:**

- The appraisal must be completed by an FHA Certified appraiser.

##### **Report Condition:**

- The standard appraisal report should be marked "As-Is."
- If repairs are required, an itemized list along with estimated costs for each repair should be provided in the Addendum.
- Reports should be marked "Subject-To" only if existing property conditions pose risks to either the occupants' health and safety or the property's structural integrity.

##### **FHA Case Number:**

- Ensure the FHA Case Number is prominently displayed at the top of every page of the appraisal report PDF.

##### **HUD Minimum Standards:**

- Provide a detailed explanation ascertaining if the subject property conforms to HUD's minimum standards as outlined in Handbook 4000.1.

##### **Photographic Evidence:**

- Include side photographs of the subject property for comprehensive visual documentation.

## **Client Instructions**

### **Paramount Residential Mortgage Group - Appraisal Guidelines**

- Each appraisal assignment must include a complete and thorough analysis of the subject's market area to determine whether:
  - Property values have declined;
  - The market is in oversupply; and/or
  - Properties are experiencing extended marketing times (over six months).
- **Appraisal Independence Requirements (AIR)**
  - No one may provide the appraiser with an estimated value, target value, or loan amount (other than what is stated in a purchase contract).
  - Any attempt to influence the development, reporting, or result of the appraisal must be reported
- **Statement of Assumptions and Limiting Conditions**
  - Appraisal Form 1004, Certification #15 states: "I have not knowingly withheld any significant information from this appraisal report and to the best of my knowledge, all statements and information in this report are true and correct."
  - PRMG defines significant information as any information reasonably within the appraiser's scope of work that is required to carry out the intended use of the appraisal assignment (e.g., information obtained through a visual inspection).
- **Scope of Work**
  - Appraisal assignments performed for PRMG are for lending purposes.
  - The appraiser must perform a visual inspection of both the interior and exterior of the subject property.
  - At minimum, the property must comply with all local and state laws, which may include (but are not limited to):
    - Properly strapped water heater,
    - Installed smoke detectors, and
    - Installed carbon monoxide (CO) devices.
  - \*\*If the property is not in compliance with applicable laws, the appraiser must note the deficiencies in the appraisal report.

- **Health & Safety Compliance**
  - Failure to identify health and safety deficiencies may adversely affect:
    - The borrower's ability to repay the loan, and/or
    - The value of the property as collateral.
  - If no deficiencies are noted, PRMG will assume the property is in full compliance with all local and state laws readily identifiable through the appraiser's visual inspection.
- **Intended Use**
  - The intended use of the assignment is for mortgage purposes. The appraiser must comment on any pertinent facts—or confirm the absence thereof—that could impact the lender's ability to make the loan, so long as those facts are reasonably within the appraiser's scope of work (e.g., findings from the visual inspection of the property)
- **Compliance with Law:** The Appraiser's performance must comply with all applicable federal, state, and local laws, including the Fair Housing Act and other federal, state, or local antidiscrimination laws. The Appraiser must adhere to all state and local laws relating to appraisal, licensing, and certification requirements
- **Nondiscrimination Policy:**
  - The Appraiser must be knowledgeable of and fully comply with all federal, state, and local laws, including any antidiscrimination laws, rules applicable to the subject property, or any provisions of the Fair Housing Act.
  - No part of the appraisal analysis or reporting may be based on the race, color, religion, sex, actual or perceived sexual orientation, actual or perceived gender identity, age, actual or perceived marital status, disability, familial status, national origin of either the prospective owners or occupants of the Property, present owners or occupants of the Property, or the present owners or occupants of the properties in the vicinity of the Property, or on any other basis prohibited by federal, state, or local law.

### **Appraiser Service Requirements:**

- Appraiser must hold a valid license to appraise in the state in which the property being appraised is located.
- Contact the borrower within 24 hours of acceptance for appointment scheduling
- Update the site with inspection date and expected delivery date once the appraisal is scheduled.
- When making the call to the contact person, prior to scheduling the inspection appointment, ask the contact person if the utilities are on for non-conventional products, and for all products if the water heater is double strapped, the carbon monoxide device(s) and smoke detectors are installed in their proper position(s), IF APPLICABLE TO YOUR STATE. If the utilities are not on (for non-conventional products only) or the other required devices not installed (for all products), put the appraisal order on HOLD and update the site so the processing department is notified and can advise on how to proceed.
- Review the Purchase Contract on all purchases prior to delivering the Appraisal Report
- All appraisal inspections performed for an FHA-insured mortgage must be prepared by a State Certified (certified residential or certified general) appraiser per HUD mortgagee letter 08-39 (cases assigned prior to 9/14/15 or Handbook 4000.1 for cases assigned on or after 9/14/15.)
- Property values (not transaction values) of \$1,000,000 or greater must be appraised by a Certified Residential Appraiser.
- All appraisals to include a copy of the appraiser's E&O Insurance – minimum coverage for Licensed Residential and Certified Residential levels is \$500,000 (per claim and aggregate) and \$1,000,000 (per claim and aggregate) for certified General appraisers and blanket policies for appraisal companies.

### **APPRAISAL REQUIREMENTS**

- Appraisals must meet all applicable Agency (FNMA, FHLMC, HUD, VA, USDA, etc.) requirements and address items as required by applicable Agency.
  - For FHA loans, the effective date of the appraisal cannot be before the FHA case number assignment date unless the lender certifies, via the certification field in the Appraisal Logging Screen in FHAC, that the appraisal was ordered for conventional financing or other government guaranteed loan purposes and was performed by an FHA Roster Appraiser, or the previous FHA case number was canceled (for a reason allowed by HUD).
  - The 1004MC is not required on conventional or government products, but may be required on specialty, jumbo or non-QM products, refer to product profiles for specific requirements.
- Appraisals are subject to underwriter review, and additional comments on items or comps may be required after completion of review

## **File Format**

- The client for this engagement requires the report to be delivered in XML & PDF file format, unless otherwise directed.
- Please do not use the PRMG loan number as the Appraisal Report File Number or include it anywhere else in the report

## **Property and Neighborhood Description**

- Property address: The address must reflect the physical address of the property **and must match the address in the Preliminary Title Report**. Any difference from the engagement letter address and/or postal address must be clearly noted and explained. **The appraiser will correct the address per underwriter instructions if needed.**
- Properties Located in Declining Markets: For all properties in declining or severely declining markets, or when the appraiser identified the market as declining on the appraisal report, the appraiser must comply with the following within the appraisal report.
  - Indicate in the neighborhood section of the appraisal report that the market is declining. It is possible that some submarkets may not be declining. If the appraiser contends that the market is not declining, the burden lies with the appraiser to provide supporting empirical evidence that the neighborhood is stable or appreciating.
  - Examples of supporting evidence include national recognized sources such as Data Quick, local MLS, or tax records.
- Comment on negative factors with respect to the subject neighborhood, the subject property, or proximity of the subject property to adverse influences. Provide photos of such factors (including busy streets, proximity to freeways/airports, commercial/industrial influence, etc.). Address said factors with comparable sales that bracket the adverse features and adjust for those that do not have similar adverse features as necessary. If the subject property is considered to be unique, it must be clearly stated within the report with an assessment of any potential impact on the subject's marketability.
- When the actual appraised value is significantly less than the predominant value the appraiser must include a comment to explain why.
- Personal property is not to be included in the subject property value. If personal property is included in the purchase contract a value must be assigned (determined from buyer and seller) and the appraiser must state what this value is (\$) or that "no value was given" in the appraised value.
- All acreage must be included (The actual size of the site and not a hypothetical portion of the site for the subject property must be used.), and a comment is required on the residential/agricultural nature of any properties over 5 acres, with any substantial outbuildings, or with any cultivated land. Use of any outbuildings must be described. (**Conventional & FHA Exception:** This applies unless there are more than one legally conforming platted lots under one legal description and would be considered Excess Land. (FHA Only – Please refer to the "Ineligible Property Types" section for additional requirements for Excess Land.)
- In situations when there is not sufficient data to provide a meaningful analysis for the defined neighborhood, the form must be completed based on the information available, and an explanation must be provided. All neighborhoods, in all areas, are acceptable, as long as the property is acceptable as security for the mortgage, based on its value and marketability.
- The appraiser must indicate the price range and predominant price of properties in the subject neighborhood. The price range must reflect high and low prevailing prices for one-unit properties, two- to four-unit properties, condo units, or co-op units depending on the property type being appraised and the appraisal form being used. Isolated high and low extremes should be excluded from the range, which means that the predominant price will be that which is the most common or most frequently found in the neighborhood. The appraiser may state the predominant price as a single figure or as a range, if more appropriate.

## **Sales Approach**

- Appraisal reports must:
  - Provide a minimum of three (3) closed comparable sales (with at least two (2) being Multiple Listing Service (MLS) arms-length sales). Additional comparable sales may be reported to support the opinion of market value. The subject property can be used as a fourth comparable sale or as supporting data if it was previously closed. Contract offerings and current listing can be used as supporting data. (Note: All comparable sales reported must be verified from a reliable source that is not associated with the subject property or the subject development.)

- The appraiser may not create comparable sales by combining vacant land sales with the contract purchase price of a home (improvements only). While these transactions cannot be used to meet the required minimum three closed comparable sales, these transactions may be included as additional support.
- For non-VA and non-USDA loans, provide at least one (1) comparable MLS active listings or pending sale. For conventional loans with an SSR Score of 2.5 or lower an additional active listing is not required. Please see Adverse Market section of this document as special requirements apply to appraisals that identify adverse market conditions for the subject property.

## **Value Development**

- Utilize the most recent and similar comparable sales, sales that have been selected based upon a similar location and or significant physical attributes and not based on price.
- Adjustments are to be based on permissible or supportable considerations.
- Disclose all sale and listing transaction(s) of the subject property, to comply with the reporting requirement of three years from the effective date of the appraisal.
- Do not utilize comparable sales outside of the subject's immediate market area/ neighborhood when comparable sales within the neighborhood are available.
- Avoid selecting comparable sales that either have significant superior or inferior characteristics to the subject property.
- Do not rely on comparable sales "in settlement" and/or are not fully closed in the determination of market value.
- Appraisers should ensure their comparable search is representative of the neighborhood in which the subject competes, and does not focus on a price target or narrow value range.
- Appraisers are obligated to maintain a work file that contains complete and relevant documentation in case there is a need to reconstruct and/or defend their appraisal at some future time. The work file must include evidence of the due diligence performed in the verification of their data.
- Analyze subject (if applicable) and comparable sales, days on market and include the DOM details in the report.
- Analyze concessions or special financing on the subject (if applicable) and all comparable sales and include specific details in the report, per the definition of market value in all Fannie Mae appraisal forms. See second paragraph under "Market Value" in the certification of all Fannie Mae appraisal forms for further clarification.
- Map all comparable sales and listings used in the appraisal and explain the reason for use of any comparable sales that appear to cross major neighborhood boundaries.
- If the subject or any of the comparable sales are bank owned or a short sale, provide comments making such known.
- Comment explicitly on changes in the appraised value from previous sale prices of the subject, particularly changes that don't match market trends
- The Market Conditions Addendum to the Appraisal Report (Form 1004MC) is required with all appraisals of one-to-four unit properties per the FannieMae announcement #0830, released November 14, 2008.

## **Proper Disclosure of Prior Services**

USPAP requires the appraiser to disclose to the client and in the subsequent report certification any current or prospective interest in the property and whether the appraiser has or has not provided any services regarding the subject property within the prior three years as an appraiser or in any other capacity.

- Per USPAP guidelines, if the appraiser **has not** performed any services within the three-year period the following statement should be used in the report's addendum:
  - **Amendment to Appraiser's Certification** *I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.*
- Per USPAP guidelines, if the appraiser **has** performed any services within the three-year period (e.g., he/she appraised the property twice before) the following statement should be used in the report's addendum:
  - **Amendment to Appraiser's Certification** *I have performed two appraisals and no other services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.*

## **Proper Disclosure of Exposure Time**

Exposure Time must be reported in appraisal assignments based on the Definition of Market Value that is used. USPAP defines Exposure Time as "estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal." We have provided a sample comment below that appraisers may use in their reports' addenda.

- *Based on the Opinion of Market Value, the appraiser's opinion of reasonable exposure time is \_\_\_\_\_.* **Notes:** The words "Based on the Opinion of Market Value" are critical to the statement above. The exposure time can be expressed as a single number (e.g., 1 month) or as a range (e.g., 2-3 months).

## **Property, Required Comments, Improvements and Photos**

- All appraisal reports should reflect whether or not the subject property is in compliance with local and state laws per appraiser's visual inspection, research and analysis of available data, and any other procedures taken which are reasonably within the appraiser's scope of work. If property is found out of compliance, deficiencies must be clearly stated.
- Property must be habitable and all built-in appliances, plumbing, electrical, etc. must be functional and in good working condition. For conventional products, utilities do not have to be turned on. Free-standing appliances (i.e., refrigerator, non-built in stove) are not required to be verified to be in place and in good working order. The kitchen must be functional, meaning that there must be kitchen cabinets and a working sink. This applies to all real estate transfers, including, but not limited to, Conventional, FHA, VA, USDA and Jumbo products. Test the plumbing, electrical and kitchen appliances on all FHA transactions and certify to their condition and functionality; HUD requires that an appraisal prepared for FHA-insured mortgages reflect that the property meets minimum HUD standards (or will upon completion of required repairs), a head and shoulders inspection of the attic/scuttle must be confirmed, any chipping or peeling paint in or around the subject property must be scraped and re-painted, with evidence of paint chips and dust removed entirely from the premises. Refer to HUD guidelines for additional appraiser responsibilities. USDA transactions must meet minimum FHA requirements and have similar verbiage stated within report.
- All properties must have heat source that is permanently affixed, vented to the outside, and continuously fueled, which adequately heats the entire dwelling. Anything less must be documented as acceptable heat source per area standards. A property with no heating system, where the only source of heat are items such as a space heater, fireplace, wood-burning stove, solar panels, or windmill is not acceptable.
- Follow HUD handbooks for interior inspection on FHA/USDA loans.
- When there is more than one unit the appraiser must comment as to whether the utilities are separately metered or on the same meter
- Any health and safety items (i.e., filling an empty pool, requiring safety latches on windows with bars (there must be an emergency release latch for at least one (1) window in each bedroom where security bars are present), properly strapping water heater, CO and smoke detectors installed and properly operating, etc.) must be addressed and are required to be corrected, if needed.
- Report gross living area according ANSI standards, regardless of how the local assessor describes the property, particularly for above and below grade calculations. Per ANSI – "The above-grade finished square footage of a house is the sum of finished areas on levels that are entirely above grade. The below-grade finished square footage of a house is the sum of finished areas on levels that are wholly or partly below grade."
- Subject photos front and rear at opposite angles to show all sides of the dwelling. For FHA and USDA loans, street scene photo to include a portion of the subject site
- The following **interior photographs MUST be included** in the appraisal report: kitchen, all bathrooms, main living area of the property (such as the living room, family room, dining room, all bedrooms, etc.); basement, including all finished and unfinished rooms; examples of physical deterioration, if present; examples of physical deterioration, if present, and examples of recent updates, restoration, remodeling or renovation, if present.
- For FHA and USDA loans, must provide photos of all bedrooms. Provide photos of all unattached buildings. Further interior photos are not required but are encouraged. All photographs provided must be in color.
- One exterior street scene photo is required although two are acceptable.
- Comparable photos depicting the front view of each comparable sale utilized must be those taken by the appraiser unless it is a conventional appraisal and the appraiser has provided a reasonable explanation as to why their own photos could not be used. Photos taken by the appraiser are considered evidence of compliance with the Scope of Work of having inspected each comparable sale from the street. For FHA, use of multiple listing service (MLS) photos to exhibit comparable

conditions at the time of sale is acceptable; however, the appraiser must include their photos as well to document compliance. For Conventional, photographs of the comparable sales must be clear electronic images and copies of MLS photographs are acceptable only when an explanation as described above is provided.

- If a comparable property is in a gated community and the appraiser is unable to gain access to take the property photo, please provide a photo of the gate along with the MLS photo and a comment stating "unable to gain access".
- Appraisal Report photos must not show people in them.
- Do not submit an appraisal for a property in below average condition. If property is below average, require all repairs/remodeling necessary to attain average condition.

**Adverse Markets:** [i.e., declining values, over-supply, excessive marketing times, etc.]

### **Non-FHA Loans**

The lender must ensure that appraiser comments regarding unfavorable conditions, such as the existence of an adverse environmental or economic factor, also discuss how the condition affects the value or marketability of the property being appraised and explain how the condition was taken into consideration in the valuation process. In such cases, the appraiser's analysis must reflect and include comparable sales that are similarly affected whenever possible. The appraiser must address the impact these factors may have, if any, on the value and marketability of the subject property. (See B4-1.306, Property Condition and Quality of Construction of the Improvements (04/15/2014), for further information.).

### **FHA Loans**

Special requirements apply to appraisals that identify adverse market conditions for the subject property (for example, declining values, an over-supply of properties, or marketing times in excess of six months). These appraisals need to be documented and reviewed carefully. Required documentation includes:

- At least two of the three comparable sales must be dated within 90 days of the appraisal date.
- A minimum of one listing or pending sale is required. Ideally, and when possible, at least two additional comparable listings or pending sales should be provided.
- The appraiser must address the impact on marketability and value of both favorable and unfavorable factors and avoid using subjective, racial, or stereotypical terms, phrases or comments within the appraisal report.
- Days on market must be reported for subject property and each comparable sale and must support the average marketing time listed on Page 1 of the appraisal.
- If the appraiser is unable to provide two comparable sales within 90 days and/or current listing(s), the appraiser must provide a detailed explanation and identify whether value adjustments resulted. The explanation from the appraiser must be consistent with other tools utilized to review the appraisal. When the appraiser is unable to provide this (or other) information, second level reviews to determine the value is supported are required using all supporting documentation and additional valuation tools.
- Time adjustments, when deemed appropriate by the appraiser must reflect the difference in market conditions between the date of sale of the comparable and the effective date of appraisal for the subject property.

### **Eligible Property Types**

\*\*\*This is a generic list and not all Product Profiles are the same\*\*\*

**Please reference the specific Product Profile for a complete list of eligible property types.**

- Single Family Residence
- 1-4 Units
- Modular Homes
- Approved/Warrantable Condos
- Site Condos
- PUDs Attached and Detached
- Log Homes
- Manufactured Homes (specific products only, see Manufactured Homes addendum)

## **Ineligible Property Types**

If the properties fall under any of the GSE's Ineligible Properties listed within their guidelines the appraiser must immediately stop working on the assignment and contact the AMC to obtain further instructions on how to proceed.

**\*\*\*This is a generic list and not all Product Profiles are the same\*\*\* Please reference all the GSE's list of ineligible property types.**

- Non-Approved/Non-Warrantable Condos
- Mobile homes
- Condotels
- Hotel Condominiums
- Mixed-Use
- Co-ops
- Subject Property is illegal for zoning
- Vacant land or land development properties
- Timeshares
- Bed and breakfast properties; or properties that are not suitable for year-round occupancy regardless of location.
- Geodesic dome, Earth or Geothermal homes
- Agricultural properties, such as Working Farms or Ranches
- Properties that are not readily accessible by roads that meet local standards
- Property currently in litigation
- Boarding houses
- Properties in a flood zone that do not participate in the National Flood Insurance Program
- Properties with individual water purification systems (an individual water purification system is a system that is needed to make the water safe and meet code when the individual water supply is unsafe for human consumption unless the system is operating properly. This is not a system that is installed to improve the taste or softness of the water. Properties with individual water purification systems can be identified by reviewing the appraisal.)
- Indian land (leased or fee simple)
- Excess Land (FHA)
  - If the subject of an appraisal contains two or more legally conforming platted lots "under one legal description and ownership", and the second vacant lot is capable of being divided and/or developed as a separate parcel where such a division will not result in a non-conformity in zoning regulations for the remaining improved lot, the second vacant lot is Excess Land. The value of the second lot must be excluded from the final value conclusion of the appraisal and the Appraiser must provide a value of only the principal site and improvements under a hypothetical condition.
  - The Appraiser must include the highest and best use analysis in the appraisal report to support the Appraiser's conclusion of the existence of Excess Land.
  - The Appraiser must include Surplus Land in the valuation.
- Properties rated in "less than average" condition (unless using the HUD Repair Escrow program, and then must comply with HUD requirements for property)
- Properties with Unexpired Redemption Rights
- Properties that exceed a Maximum of 40 acres in South Dakota, Montana and Idaho

***If the AMC and/or appraiser encounters any of these ineligible property types, immediately stop working on the assignment and contact PRMG.***

## **New Subdivisions – SFRs, Condos and PUDs**

At a minimum, at least two comparable sales must be outside the influence of the builder or developer of the subject property.

## **Log Homes**

The following are the general requirements for log homes; see the specific Product Profile for other requirements or limitations.

Log Homes are allowed with the following requirements:

- A minimum of two log home comparable sales must be provided.
- Comparable sales provided must be of similar quality, construction, and design and have similar market appeal and amenities.
- Appraiser to comment on: local demand, marketability of the property, supply of log homes and their appeal in the market. Appraiser must also comment on the sufficiency of the unit's living area, interior room size, storage, and adequacy of roof pitch, overhangs and exterior finish. • Full appraisal required

## **Modular Homes**

The following are the general requirements for modular homes; see the specific Product Profile for other requirements or limitations.

- Factory-built housing must assume the characteristics of site-built housing and be legally classified as real property. The purchase, conveyance, and financing (or refinancing) of the property, which must be evidenced by a valid and enforceable first lien mortgage or deed of trust that is recorded in the land records, must represent a single real estate transaction under applicable state law.
- Prefabricated, panelized, or sectional housing units must conform to all local building codes in the jurisdiction in which they are permanently located.
- Modular homes must be built to the state building code requirement of the state in which they are to be installed. There are several state agencies that have adopted a Uniform Building Code for modular homes.

## **Detached Condos (Site Condos)**

Detached (site) condos are described as:

- The mortgage is secured by a single detached unit in a condo project.
- The entire project only consists of single family totally detached condominiums. There can be no semi-detached or attached units or buildings in the project. This includes but is not limited to garages, breezeways, or connections to another property in any way.
- The project is encumbered by a form of condominium ownership or by a declaration of condominium covenants.
- The detached units must have (1) full ownership of the dwelling, the site that the dwelling sits upon and the air space surrounding it in similar respect to a Single Family Residence or (2) consists of the dwelling, the air space for the unit and the improvements and site are considered to be common areas or limited common areas.
- The cost of maintaining the property is the full responsibility of the dwelling owner.
- HOA dues are common assessments that are collected are for amenities or common areas that are outside of the dwelling and site footprint.
- Legal but non-conforming use of land must allow for rebuilding of the improvements to current density in the event of their full or partial destruction.
- The mortgage title insurance policy satisfies special title insurance requirements for units in condo projects.
- The property is either covered by (1) the type of hazard and flood insurance coverage required for single-family dwellings, if the condo unit consists of the entire structure as well as the site and air space; or (2) the project's master hazard and flood insurance policies, if the condo units consists only of the air space for the unit and the improvements and site are considered to be common areas or limited common areas.
- For FHA loans, site condos do not have to be HUD approved
- For VA loans, site condos must be VA approved
- For USDA loans, site condos must meet USDA requirements
- For Jumbo loans, see product profiles
- For Conventional loans:
  - May be appraised on form 1004 Uniform Residential Appraisal Report
  - Limited condo questionnaire not required if all information on project for review is included in file and/or

- on the appraisal
- If there is no association, there must be evidence it never existed or was officially dissolved

***Additional Appraisal Requirements for Detached Condos (Site Condos) on Conventional Loans:***

- Appraisal needs to contain following information (if information for project approval is not available on the appraisal, then a questionnaire is required to perform a limited review and does not have to be on the appraisal):
  - Indicate that the subject property is a detached condominium
  - The name of the Homeowner's Association, property management group or builder (as applicable)
  - Name and phone number of the contact person used to verify project information and:
    - To be completed on FNMA 1004 Single Family form
    - The PUD box is left blank
    - Indicates the monthly HOA fee and what it covers
    - Total number of units in the project
    - Total current number of units completed
    - Total number of units sold
    - Whether any single entity owns more than 10% of the units in the project;
    - A description of what the projects common areas are
    - If any of the common elements (as applicable) are leased to or by the HOA
    - Commentary regarding the adequacy of the projects overall maintenance
    - Commentary regarding the effect that buyer resistance to the condo form of ownership has on the market value of the individual unit
    - If the condo project is new and the condo unit is offered by builder other than the one that built the subject unit than at least two detached condo unit comps (which may be located either in a competing project or in the subject project) is required
    - Whether the HOA or developer is named as a party to pending litigation that relates to the safety, structural soundness, habitability or functional use of the project
    - Whether if in a new project, the seller is offering excessive or undisclosed sale/financing structures to the buyer.
    - If the condo project is new, the appraiser used as a comparable sale at least one detached condo unit, which may be located either in a competing project or in the subject property, if the condo unit is offered by a builder other than the one that built the subject unit.

**SFR Properties that include a Manufactured Home**

SFRs that include a Manufactured Home as a guest house/storage unit on the property can be considered on the Agency Portfolio program if it can meet the following requirements:

- Property cannot be appraised as 2 unit
- May not be permanently affixed to the ground
- No value given to Manufactured Home / Guest House
- Manufactured home has no health or safety concerns
- Appraiser notes no impact to marketability.

It is not allowed on any other Agency product. For government loan products, an exception must be requested and approved and the loan will be subject to a pricing adjustment.

**Sources of Pollution (Septic/Sewer/Wells)**

For FHA loans, the appraiser must provide comments regarding if sewer/septic/well appears to be operational or in working order. Additionally, the appraiser must also be familiar with the minimum distance requirements between private wells and sources of pollution and, if discernible, comment on them.

For FHA loans with new and proposed construction the following are the minimum horizontal distances:

- Property Line: 10 feet
- Septic Tank: 50 feet
- Absorption Field: 100 feet (see Note 1 below)
- Seepage Pit: 100 feet (see Note 1 below)
- Absorption Bed: 100 feet (see Note 1 below)
- Sewer Lines w/Permanent Watertight Joints: 10 feet
- Other Sewer Lines: 50 feet
- Chemically Poisoned Soil: 25 feet (see Note 3 below)
- Dry Well: 50 feet
- Other: variable (see Note 2 below)

If the local or state health authority requires greater distances, then the property must comply with the local or state requirements. There will be no waivers considered for new or proposed construction distances not meeting minimum requirements. The Homeownership Center (HOC) may increase the below distances based upon local conditions (see Notes)

#### Notes:

1. This distance may be increased or decreased depending upon soil and rock penetrated by the well and aquifer conditions. The distance may be increased in creviced limestone and permeable strata of gravel and sand. The distance may be reduced to 50 ft. only where the ground surface is effectively separated from the water bearing formation by extensive, continuous impervious strata of clay, hardpan, or rock. The well shall be constructed so as to prevent the entrance of surface water and contaminants. The State of Michigan requires only 50 feet between the well and septic drain field on existing properties. A general waiver issued by the Philadelphia HOC permits reduction in the distance from 100 feet to 50 feet for existing properties in Michigan. This waiver does not apply to new construction or newly constructed properties.
2. The recommendations or requirements of the local or State health authority shall apply.
3. This distance may be reduced to 15 feet only where the ground surface is effectively separated from the water bearing formation by extensive, continuous impervious strata of clay, hardpan, or rock.

In **Alaska**, for all loans, Appraiser must confirm that any onsite wastewater systems (commonly called septic systems) compliance with regulations under 18 AAC 72.005 and are registered with or approved by Alaska Department of Environmental Conservation (DEC). If compliance with regulations are not addressed in the appraisal, onsite system registration or approval documents can be found through EDMS at <https://dec.alaska.gov/Applications/Water/EDMS/nsite/map/help>. In the event there is no registration or approval, it must be corrected prior to loan closing and requires an engineer to evaluate the system and submit the information for DEC approval.

#### **Chinese Drywall**

For properties that have Chinese Drywall, treatment alone is not acceptable to satisfy the health/safety issues. The Chinese Drywall must be completely removed from the property, in order to be acceptable.

#### **Utilities (Including Hauled Water)**

The utilities serving the subject property must meet community standards. In addition, the comparable sales should have utilities similar to the subject property. When differences in utilities exist between the subject property and the comparable sales, any adjustments or lack of adjustments made to the comparable sales for significant differences must be explained in the comments area or on an attached addendum. In addition, the appraisal must evaluate the effect these differences have on the subject property's value or marketability.

Per Fannie Mae B4-1.3-04, Appraisers must indicate public utility hook up is not available when on private well and or septic and if public utility hook up is available property must be connected.

For FHA, the appraiser must note the deficiency of minimum property requirement/standards if the subject property contains a well located within the foundation walls of an existing dwelling and there is no evidence that the local jurisdiction recognizes and permits such a location, that it is common for the market area, and does not adversely affect marketability unless the well is located within the foundation walls of a New Construction dwelling in an arctic

or sub-arctic region. The appraiser must report when water to a property is supplied by dug wells, cisterns or holding tanks used in conjunction with water purchased and hauled to the site. The appraiser must report whether such systems are readily accepted by local market participants and that the water supply system may violate minimum property requirement/standards.

### **Multiple Parcels**

The following are the general requirements for multiple parcels; see the specific Product Profile for other requirements or limitations.

- The lots/parcels must be adjoining
- The lots/parcels must be zoned residential
- Only one lot/parcel may have a dwelling unit
- Limited nonresidential improvements such as a garage are acceptable on the second lot
- Partial release for any lot/parcel is not allowed

### **Lender to place products as appropriate to loan programs**

#### **1004D Appraisal Update**

- When an appraisal update is required, it must be reported on the Appraisal Update and/or Completion Report (Form 1004D).
- A front photograph of the subject must be taken when completing the Appraisal Update portion of the *Appraisal Update and/or Completion Report* (Form 1004D) to validate that the appraiser has inspected at least the exterior of the property when he or she performed the appraisal update.

#### **Cost Approach**

- Except for FHA loans, the cost approach is only required on new construction or on any orders explicitly stated or required by Fannie Mae or if the appraiser considers its use necessary to obtain credible assignment results.
- For FHA loans, for cases assigned prior to 9/14/15, the cost approach is only required on new construction or on any orders explicitly stated or required by HUD or if the appraiser considers its use necessary to obtain credible assignment results. For cases assigned on or after 9/14/15, a cost approach is required when it is relevant.
- For USDA loans provide a land value (in the cost approach section) with one of the generally accepted methods of land valuation (sales comparison, allocation, or extraction), not assessed value. Comment on the conformity or nonconformity of the land to value ratio for the neighborhood and property type.
- For USDA loans that will be submitted for issuance of a conditional commitment as of December 1, 2014, the "Estimated Reproduction Cost-New of Improvements" will be completed when the dwelling is less than 1-year-old. The appraiser will identify the source of the cost estimates and will comment on the methodology used to estimate depreciation, effective age and remaining economic life.

#### **Deed Restricted Properties**

The appraisal report must note the existence of the resale restrictions and comment on any impact the resale restrictions have on the property's value and marketability. The appraisal must include at least three comparable sales with similar resale restrictions. [This is including but not limited to age-based restrictions (such as senior housing)].

#### **Properties Zoned Non-Conforming**

The following is required for all properties zoned non-conforming, unless other requirements are called out in the product profile or expanded guidelines for the product:

## **Conventional:**

- The appraisal must indicate that the property is Legal Non-Conforming.
- For 1-4 unit properties: The appraiser must comment in the appraisal stating whether the property can be rebuilt in the event of full or partial destruction and comment on any adverse effect of any non-conforming use when estimating the market value and marketability of the property. (An Existing Use Permit (EU)/ Rebuild Letter is not required.)
- For Condominiums: An Existing Use Permit (EU)/Rebuild Letter is required stating that the structure can be rebuilt following the same general footprint and density, without meeting current standard development requirements in the event of full or partial destruction. This documentation must be included in the loan file unless otherwise permitted by state law.
- For properties where a rebuild letter is not required, if the appraiser indicates the property may not be rebuilt to 100%, the appraiser must address the effect not being able to be rebuilt would have on value and marketability. If the property is not able to be rebuilt to 100%, the loan is only eligible on the **Agency Portfolio** product. However, as always, all Fannie Mae requirements must be met, including any restrictions regarding land-use regulations.

## **FHA:**

- The appraisal must indicate that the property is Legal Non-Conforming.
- The Appraiser must analyze and report any adverse effect that the non-conforming use has on the Property's value and marketability, and state whether the Property may be legally rebuilt if destroyed
- Documentation explaining why the property is considered Legal Non-Conforming must be provided.
- An Existing Use Permit (EU)/Rebuild Letter is required stating that the structure can be rebuilt following the same general footprint and density, without meeting current standard development requirements in the event of full or partial destruction or the appraiser must confirm in the appraisal report that the property can be rebuilt to 100%. This documentation must be included in the loan file.

## **Unpermitted Additions/Conversions/Building Permits**

**\*\*\*Allowed – Do not make an appraisal subject to obtaining permits unless specifically required\*\*\* by the purchase agreement, sales contract, etc. or do not meet the guidelines below.**

Permits are not required if the loan meets the following un-permitted addition requirements: (**FHA & Conventional**)

- The appraiser comments and demonstrates the property's conformity to the neighborhood and marketability. (FHA and Conventional)
- The appraiser must also comment on any effect on value, marketability, zoning and safety. (Conventional only)
- The appraiser is to comment on quality of the work of the addition, improvement or conversion and to describe it in the appraisal and to be deemed acceptable ("workmanlike quality") (FHA and Conventional)
- The appraiser is to comment and consider the contributory value or obsolescence of the addition, improvement or conversion. In some cases, the addition, improvement or conversion may not be part of the gross living area (GLA) and may be assigned no value or a negative value. (FHA and Conventional)
- If the appraiser gives the unpermitted addition value, the appraiser must be able to demonstrate market acceptance by the use of comparable sales with similar additions and state the following in the appraisal:
  - Non-Permitted additions are typical for the market area and a typical buyer would consider the "unpermitted" additional square footage to be part of the overall square footage of the property. (FHA and Conventional). [Non-permitted additions that are NOT typical for the market area cannot be included in the Gross Living Area (GLA), basement or other living area. (Conventional only)]
  - The appraiser has no reason to believe the addition would not pass inspection for a permit. (Conventional only)

## **Accessory Units**

An accessory dwelling unit is typically an additional living area independent of the primary dwelling unit, and includes a fully functioning kitchen and bathroom. IE: a living area over a garage; basement units. Whether a property is a one-unit property with an accessory unit or a two-unit property will be based on the characteristics of the property, which may include, but are not limited to, the existence of separate utilities, a unique postal address,

and whether the unit is rented. The appraiser is required to provide a description of the accessory unit, and analyze any effect it has on the value or marketability of the subject property.

- The Accessory Dwelling Unit (ADU) cannot be a manufactured home, unless using the additional criteria as described in "SFR Properties that include a Manufactured Home"
- No rental income will be counted from the accessory unit
- The appraiser must comment on the workmanship quality of the accessory apartment
- If the accessory apartment represents a legal use of the property under local zoning laws, the following criteria applies:
  - The zoning or legal status must be a residential single family or two-family property. If the zoning is "two-unit" or "two-family", the property should be approached under two to four-family guidelines o The property must conform to the subject neighborhood and the market o The property must be appraised as a single family or two-family property
  - Comparable sales must include at least one property that has use of an accessory unit (may be legal or illegal)
  - The value assigned by the appraiser must be based on contributory value of the accessory unit, considering the quality of above grade finish work. In some cases, no value may be assigned
- If the accessory apartment represents an illegal use of the property under local zoning law, the following criteria applies:
  - Appraiser to state if the illegal use conforms to the subject neighborhood and to the market o The property must be appraised based upon its current use
  - The appraisal must report that the subject property/accessory apartment represents an illegal use
  - The appraisal report must demonstrate that the subject property/accessory apartment, are typical for the market by providing at least three comparable sales that have the same illegal use.

The appraiser is to immediately stop working on any assignment with an accessory unit that does not meet these guidelines and contact the AMC to report the inconsistencies and obtain further instructions on how to proceed. A change in form to a 1025 may be required or the underwriter may need to determine if a loan can be made on the property.

## **Solar Panel Requirements**

**Underwriters:** The guidance provided below is inclusive of all issues that PRMG is aware of regarding solar panel requirements. However, not all of the guidance provided may be applicable to the specific loan scenario. If the item addressed in this document is applicable, then it should be followed. If it is not addressed, and it is a government loan, contact the appropriate Agency (HOC/RLC). If it is not addressed and it is a conventional loan, escalate to management for review and assistance.

### **Conventional:**

- It must meet Agency requirements for a subordinating lien, as well as Agency guidelines relative to site utilities. (typically, Property Assessed clean energy (PACE) Loans are not eligible when they do not meet applicable agency subordinate financing requirements, including the requirement to provide a subordination agreement. The Home Energy Renovation Opportunity (HERO) Program is an example of an ineligible program.)
- The appraiser must comment that solar power is common for the area, that it meets community standards, and there are no marketability issues
- If the appraiser gives value to the solar energy source, it must be supported with closed comps of properties with the same type of solar energy, otherwise no value can be given (see below for solar panels leased or owned by third party)
- If the property owner is the owner of the solar panels, standard eligibility requirements apply (for example, appraisal, insurance, and title).
- If the solar panels are leased from or owned by a third party under a power purchase agreement or other similar arrangement, the following requirements apply.
  - The solar panels may not be included in the appraised value of the property.
  - The property must maintain access to an alternate source of electric power that meets community standards.
- The monthly lease payment must be included in the debt-to-income (DTI) ratio calculation unless the lease is structured to provide delivery of a specific amount of energy at a fixed payment during a given period, and have a production guarantee that compensates the borrower on a prorated basis in the event the solar panels fail to meet the energy output required for in the lease for that period. Payments under power purchase agreements where the payment is calculated solely based on the energy produced and used may

be excluded from the DTI ratio.

- The lease or a power purchase agreement must indicate that any damage that occurs as a result of installation, malfunction, manufacturing defect, or the removal of the solar panels is the responsibility of the owner of the equipment and the owner must be obligated to repair the damage and return the improvements to their original or prior condition (for example, sound and watertight conditions that are architecturally consistent with the home); and the owner of the solar panels agrees not to be named loss payee (or named insured) on the property owner's property insurance policy covering the residential structure the panels are attached to; and in the event of foreclosure, the lender or assignee has the discretion to terminate the lease/agreement and require the third-party owner to remove the equipment; become, without payment of any transfer or similar fee, the beneficiary of the borrower's lease/agreement with the third party; or enter into a new lease/agreement with the third party, under terms no less favorable than the prior owner.
- Any exceptions to coverage on the title insurance policy for recorded instruments relating to the solar panels must comply with applicable Agency Title Exceptions and Impediments.

#### **Government:**

- For FHA loans, there is no restriction on the length (term) of the lease. For VA loans, contact the RLC for specific requirements for the length (term) of the lease.
- For non-FHA loans, the monthly payment for the lease must be included in the debt to income ratios for the borrower. For FHA loans, the monthly payment for the lease does not have to be included in the debt to income ratios for the borrower
- Must have like comps (i.e., with solar panel leases)
- The lease must not contain any legal restrictions on conveyance that would prevent the borrower from freely transferring the property. There cannot be any deed restrictions that would impair/restrict the first lien.
- Leased solar panels are considered to be personal property.
- Active, passive and photovoltaic solar energy systems are permitted, provided they are accompanied by operational 100 percent back-up conventional systems, that meets FHA/VA requirements.
- The appraiser must not include the value of leased mechanical systems and components in the market value of the subject property. The appraiser must identify such systems in the appraisal report. Leased solar panels must not be included in the appraised value of the property.
- Appraiser's final valuation should take into consideration the marketability impact of the solar panels. Appraiser must comment on market acceptability (to verify not a unique property)
- Property Assessed clean energy (PACE) Loans are eligible on FHA Portfolio, VA and VA High Balance products when they meet HUD/VA and other requirements as outlined in the product profiles. PACE liens on other government products are not eligible.
- Underwriter should contact local HOC or RLC to verify acceptability

#### **For FHA Loans:**

- A Property that contains leased equipment, or operates with a leased energy system or Power Purchase Agreement (PPA), may be eligible for FHA-insured financing but only when such agreements are free of restrictions that prevent the Borrower from freely transferring the Property.
- Such agreements are acceptable, provided they do not cause a conveyance (ownership transfer) of the insured Property by the Borrower to: (1) be void, or voidable by a third party; (2) -be the basis of contractual liability of the Borrower (including rights of first; (3) refusal, pre-emptive rights or options related to a Borrower's efforts to convey); (4) terminate or be subject to termination all or part of the interest held by the Borrower; (5) be subject to the consent of a third party; (6) be subject to limits on the amount of sales proceeds a Borrower can retain (e.g., due to a lien, "due on sale" clause, etc.); (7) be grounds for accelerating the insured Mortgage; or (8) be grounds for increasing the interest rate of the insured Mortgage.
- Any restrictions resulting from provisions of the lease or PPA do not conflict with FHA regulations unless they include provisions encumbering the Real Property or restricting the transfer of the Real Property. Legal restrictions on conveyance of Real Property (i.e., the house) that could require the consent of a third party (e.g., energy provider, system owner, etc.), include but are not limited to, credit approval of a new purchaser before the seller can convey the Real Property, unless such provisions may be terminated at the option of, and with no cost to, the owner. If an agreement for an energy system lease or PPA could cause restriction upon transfer of the house, the Property is subject to impermissible legal restrictions and is generally ineligible for FHA insurance.

## **Conventional:**

If the property is located on a community-owned or privately-owned and maintained street, an adequate, legally enforceable agreement or covenant for maintenance of the street is required. The agreement or covenant should include the following provisions and be recorded in the land records of the appropriate jurisdiction:

- responsibility for payment of repairs, including each party's representative share;
- default remedies in the event a party to the agreement or covenant fails to comply with his or her obligations; and
- the effective term of the agreement or covenant, which in most cases should be perpetual and binding on any future owners.

Note: If the property is located within a state that has statutory provisions that define the responsibilities of property owners for the maintenance and repair of a private street, no separate agreement or covenant is required.

If the property is not located in a state that imposes statutory requirements for maintenance, and either there is no agreement or covenant for maintenance of the street, or an agreement or covenant exists but does not meet the requirements listed above, the lender may still deliver the loan.

If a legally enforceable, recorded use and maintenance agreement is not in place, the following information will be acceptable:

- Statement from the borrower acknowledging the existence of the private road and his or her responsibility to maintain and repair the road when necessary;
- Affirmative statement from the appraiser confirming the private road is common in the area and is supported by comparable properties exhibiting the same characteristics. Additionally, the appraiser must state the existence of the private road is not a detriment to marketability, accessibility, or the value of the property;
- Comparable properties must be subject to the same access conditions;
- Appraiser must comment on the condition of the road and indicate that the road is in good condition;
- Municipality or the appraiser must confirm that the private road does not detrimentally affect the availability of public services for the property, particularly fire protection and police protection; and
- Legal ingress and egress must be available to the property, and no exceptions may be noted on the title report for these characteristics.

## **Government:**

The property should front on a publicly dedicated and maintained street that meets community standards and is accepted in the market area. Streets must provide all-weather access to all buildings for essential and emergency use, including access needed for deliveries, service, and maintenance and fire equipment. All-weather surface is defined as a road surface over which emergency and the area's typical passenger vehicles can pass at all times.

Private streets must be protected by a permanent easement, and maintained by a homeowners association or joint maintenance agreement.

- If the property fronts a street that is not typical of those found in the community, the appraiser must address the effect of that location on the marketability and the value of the subject property. The presence of sidewalks, curbs, and gutters, street lights, and alleys depends on local custom - if they are typical in the community, they should be present on the subject site. A street that does not meet city or state standards frequently requires extensive maintenance, and property values may decline if it is not regularly maintained.
- If the property is on a community-owned or privately-owned and maintained street, an adequate, legally enforceable agreement or covenant for maintenance of the street is required. Private streets and shared driveways must be protected by permanent recorded easements or be owned and maintained by a homeowners' association. The recorded easement must be reviewed and approved by the underwriter. Evidence of a road maintenance agreement is not required.

## **Properties with Sinkhole Damage**

- Appraiser must comment on the sinkhole damage to the homes in the area and possible impact on value and marketability.
- Appraiser should confirm if there are any sinkhole concerns with regards to the subject property and that there are no health and safety issues.
- Documentation should include a report by a licensed, bonded, insured provider, confirming a future sinkhole

- is unlikely with regards to the subject.
- Acceptable collateral review by appraisal support required
  - Confirmation if comps provided could be impacted by a similar marketability or salability issue (i.e. development could be subject to similar possibility of a sinkhole)
  - Confirmation that the purchase contract discloses the prior sinkhole and remediation to all parties
  - Confirmation that the insurance coverage includes sinkhole coverage.
  - For VA, FHA and USDA loans also must confirm acceptable with appropriate agency
  - Not eligible for jumbo products

### **Carbon Monoxide Devices**

Verification of properly installed carbon monoxide (CO) devices is required for any state that has implemented a Carbon Monoxide Device law. The device must meet all the state requirements, such as type of device and installation location. Please confirm with the provided contact that the carbon monoxide device has already been installed in the subject property prior to inspection. If no carbon monoxide device is installed, please post a comment in the site immediately.

The following link may be useful when evaluating state specific requirements: <http://www.ncsl.org/issues-research/env-res/carbon-monoxide-detectors-state-statutes.aspx>

### **California Requirements:**

Below is a summary of the requirements. See the actual state law (Senate Bill 183) to ensure property is in full compliance with the law.

- As of July 1, 2011 for all one-unit properties (and January 1, 2013 for all 2-4 unit properties) with an attached garage or a fossil fuel source there must be a CO device installed in the residence.
- Fossil fuel sources include, but are not limited to, gas appliances such as a gas stove, gas furnace, gas fireplace, gas water heater, and fireplaces (even if it only burns wood, pellets, or any other material.)
- The CO device should be installed outside each sleeping areas of the home, including the basement. A list of approved devices can be found by clicking on the link titled "List of Approved Devices" at <http://osfm.fire.ca.gov/strucfireengineer/strucfireengineerbml.php>.
- Existing CO devices installed prior to July 1, 2011 may continue to be utilized.

### **New Construction or Condominium Conversion**

If the property being appraised is new construction or condominium conversion, comparable sales must include:

- At least one (1) comparable sale from the subject development and at least one (1) comparable sale from a competing builder that closed within 90 days of the appraisal date.
- At least one (1) MLS active listing or pending sale from a competing builder/developer

### **Purchase Transactions**

If the appraisal is for a purchase transaction:

- The sales contract must be analyzed and the results included within the appraisal.
- You should consider any change in market conditions from the date the sales contract was signed to the effective date of the appraisal.

### **Appraisal Ratings**

- For FHA products, properties with a condition rating of C6 in condition or "subject to repairs" is not acceptable. A quality rating of Q6 is not acceptable.
- For other products, properties with a condition rating of C5 or C6 in "as is" condition or "subject to repairs" are not acceptable. A quality rating of Q6 is not acceptable.

### **Special Note**

- If you are unable to provide any of the required items, a detailed explanation is required addressing why the requirement was not met and if it resulted in an adjustment in the appraised value.

### **Hold off on completion and contact PRMG immediately if:**

- The transaction is a refinance and the subject is currently listed for sale (MLS or FSBO). If property was listed and has subsequently been withdrawn, appraiser MUST provide a copy of the expired MLS listing with the report.
- The subject property is a manufactured home, not to be confused with a modular home.
- The current and or highest and best use of the subject is other than residential or different from indicated in the engagement. For example, engagement letter indicates single family; however inspection/research shows this as a commercial use.
- The subject represents an illegal use. Examples include: Two family dwelling is illegally converted to three units, illegal kitchen in the basement, commercial use taking place in a residential dwelling, a use not allowed by zoning.
- The appraiser determines he/she is not capable of completing the assignment due to licensure (Certified License requirements) or competency issues.

**PRMG expects the appraisal report to adhere to all of the above guidelines, as well as with the development and reporting options of The Uniform Standards of Professional Appraisal Practice (USPAP), and The Appraisal Independence Standards set forth by H.R 4173. By accepting the assignment conditions and delivery of the appraisal report to PRMG, the appraiser is hereby agreeing to the terms and conditions for this assignment.**

### **Manufactured Home Requirements Addendum**

#### **HUD/FHA Requirements**

A manufactured home is a structure that is (1) transportable in one or more sections, (2) designed and constructed to meet Federal Manufactured Construction and Safety Standards (MHCSS), and (3) is so labeled confirming the unit was built according to MHCSS. Definitions are at the end of this document.

#### **MANUFACTURED HOME PROPERTY ELIGIBILITY**

- In general, max two acres allowed, but up to five acres allowed only if appraisal reflects no more than 40% land value
- Appraisal must have three (3) recent closed like comparables and second appraisal may be required at underwriter discretion
- Double-wide or larger, no single wide manufactured homes
- The manufactured home must be classified and subject to taxation as real estate.
- The manufactured home must be a minimum of 400 square feet gross living area.
- The manufactured home must be built on and remain on a permanent chassis with the towing hitch or running gear (wheels, axles, etc.) removed.
- The manufactured home must have been built and installed in compliance with the Federal Manufactured Home Construction and Safety Standards that HUD established June 15, 1976. Manufactured homes built prior to June 15, 1976 are ineligible.
- All manufactured homes must have an affixed HUD seal(s) located on the outside of the home. If tags are missing from the property, the loan is not eligible unless a letter from Institute for Building Technology and Safety (IBTS) as described below is provided. If the home is a multi-wide unit, each unit must have a seal. If the HUD tag is missing, a recent "HUD Certification Verification" letter issued by IBTS must be in the loan file.
- The manufactured home must be served by permanent water and sewer facilities approved by the local

municipality, if available, at the site.

- An all-weather roadway must serve the site.
- The lowest finished exterior grade (if there is a basement - the lowest finished exterior grade adjacent to the perimeter enclosure), must be at or above the 100-year return flood elevation.
- The manufactured home must be permanently affixed to the foundation in accordance with the manufacturer's requirements for anchoring, support, stability, and maintenance and with HUD Permanent Foundations Guide for Manufactured Housing (PFGMH) dated 1996.

## FNMA Requirements

- The manufactured home must have been built and installed in compliance with the Federal Manufactured Home Construction and Safety Standards that HUD established June 15, 1976 Manufactured homes built prior to June 15, 1976 are ineligible.
  - If the original or alternative documentation cannot be obtained for both the Data Plate/Compliance Certificate and HUD Certification Label (tag), the loan is not eligible.
  - If the HUD tag is missing, a recent "HUD Certification Verification" letter issued by the Institute for Building Technology and Safety (IBTS) or a copy of the Data Plate from the InPlant Primary Inspection Agency (IPI) or manufacturer must be in the loan file.
- The manufactured home must be secured by both the manufactured home and the land and both must be classified as real property and subject to taxation as real estate.
- The manufactured home must be attached to a permanent foundation system, and the foundation must be appropriate for the soil conditions for the site and must meet local and state codes.
- The manufactured home must be built on and remain on a permanent chassis with the towing hitch, wheels and axles removed.
- The manufactured home must be permanently connected to a septic tank or other sewer system, and to other utilities in accordance with local and state requirements.
- Must be a 1-unit dwelling.
- The borrower must own the land on which the manufactured home is located in fee simple.
- Incomplete items, such as a partially completed addition or renovation, or defects or needed repairs that affect safety, are not eligible until the work is paid for and complete. Exceptions may be made for minor items that do not affect the ability to obtain an occupancy permit – such as landscaping, a driveway, walkway etc.
- Multi-wide manufactured home units located in a condo or PUD project must PERS approved projects.

## USDA Requirements

- Site development work must conform to standards imposed by the state and local government.
- The manufactured home must have been built and installed in compliance with the Federal Manufactured Home Construction and Safety Standards that HUD established June 15, 1976 Manufactured homes built prior to June 15, 1976 are ineligible.
  - If the original or alternative documentation cannot be obtained for both the Data Plate/Compliance Certificate and HUD Certification Label (tag), the loan is not eligible.
  - If the HUD tag is missing, a recent "HUD Certification Verification" letter issued by the Institute for Building Technology and Safety (IBTS) or a copy of the Data Plate from the InPlant Primary Inspection Agency (IPI) or manufacturer must be in the loan file.
- The manufactured home must be secured by both the manufactured home and the land and both must be classified as real property and subject to taxation as real estate.
- The manufactured home must be attached to a permanent foundation system in accordance with the manufacturer's requirements. The foundation must be appropriate for the soil conditions for the site and must meet local and state codes.
- The manufactured home must be attached to a permanent foundation system in accordance with the manufacturer's requirements for support, stability, and maintenance. The foundation must be appropriate for the soil conditions for the site and must meet local and state codes.
- If the manufactured home was installed prior to October 20, 2008, the anchoring system must comply with the manufacturer's design or a design by a licensed (registered) professional engineer, otherwise, the anchoring system must comply with HUD Codes.
- The manufactured home must be built on and remain on a permanent chassis with the towing hitch, wheels and axles removed.

- Must be a 1-unit dwelling.
- Incomplete items, such as a partially completed addition or renovation, or defects or needed repairs that affect safety, are not eligible until the work is paid for and complete. Exceptions may be made for minor items that do not affect the ability to obtain an occupancy permit – such as landscaping, a driveway, walkway etc.
- The finished grade level beneath the manufactured home is at or above the 100-year base flood elevation.

## **MANUFACTURED HOME INELIGIBLE PROPERTY TYPES**

### **FHA Requirements**

- A manufactured home that was installed or occupied previously at any other site or location. The home may only have moved from the manufacturer's or dealer's lot to the current site of the home
- 2-4 unit manufactured condo or PUDs
- Construction-to-permanent,
- Manufactured home installed on site for less than one year unless borrower is the second purchaser of previously occupied property
- New construction properties where the seller is the builder-contractor or the manufactured housing dealer who installed the unit on the site for purchase transactions
- Singlewide manufactured homes

### **FNMA Requirements**

A manufactured home that is not titled as real estate.

- A manufactured home that was installed or occupied previously at any other site or location.
- Construction-to-permanent.
- A manufactured home with an accessory dwelling unit (ADU) or guest house
- A manufactured home is not classified and titled as real property at time of application.
- Title held as a leasehold estate.
- Singlewide manufactured homes

### **VA Requirements**

- Manufactured home where the foundation has not been fully completed and the unit is not permanently affixed.
- A manufactured home that is not titled as real estate at closing or properties in process of conversion from chattel to real estate.
- Singlewide manufactured homes

### **USDA Requirements**

- A manufactured home that is not titled as real estate.
- A manufactured home that was installed or occupied previously at any other site or location. The home may only have moved from the manufacturer's or dealer's lot to the current site of the home.
- New construction or construction-to-permanent.
- Manufactured home is not classified and titled as real property at time of application.
- Singlewide manufactured homes

## **PERIMETER ENCLOSURE (SKIRTING)**

The space beneath manufactured homes must be properly enclosed and therefore must:

- Be a continuous wall (whether bearing or non-load bearing), and
- Be adequately secured to the perimeter of the unit, and
- Separate the crawl space from the backfill, and
- Keep out vermin and water, and
- Allow for proper ventilation of the crawl space.

If the perimeter enclosure is non-load bearing skirting comprised of lightweight material, there must be adequate backing (such as concrete, masonry, or treated wood) to permanently attach and support or reinforce the skirting.

## **MODIFICATIONS TO THE MANUFACTURED HOME**

- Room additions, attached carports, or other structural modifications may put the home at risk if changes were not performed in accordance with the HUD Manufactured Home Construction and Safety Standards (MHCSS) and local and state code.
- If the appraiser observes changes to the original manufactured home, such as an addition, an inspection by the State Administration agency, which inspects manufactured homes for compliance, is required. If there is not an agency willing or able to inspect the home, the property is not eligible unless an engineer's report is obtained indicating that the structural changes or additions were made in accordance with HUD Manufactured Home Construction Safety Standards.
- If the property cannot be inspected by the State Administrative Agency and an engineer's report cannot be obtained, the property is not eligible.
- Appraiser must confirm modifications have been done in compliance with state/local regulations

## **Additional FNMA Requirements**

Additions or structural modifications may bring the original unit out of compliance with the HUD Manufactured Home Construction Safety Standards (MHCSS) and make the home ineligible.

However, manufactured homes that have an addition or have had a structural modification may be eligible:

- If the state in which the property is located requires inspection by a state agency to approve modifications to the property and there is confirmation that the property has met the requirements.
- If the state does not have these requirements, the property must be inspected by a licensed professional engineer who can certify that the addition or structural changes were completed in accordance with the HUD Manufactured Home Construction Safety Standards.

## **APPRAISER REQUIREMENTS / APPRAISAL REQUIREMENTS**

In addition to complying with all HUD requirements, appraiser must comply with the following:

- The appraisal must be completed on FNMA Form 1004C and clearly support the value and marketability and property's compliance with FHA guidelines.
- Any repair completion certification must be completed on HUD Form 92051. No outstanding repair conditions or open escrow holdbacks are permitted.
- Appraisal must contain the VIN/serial numbers. If not, proof of same must be provided via Institute for Building Technology and Safety (IBTS).
- Appraisal must include HUD labels on the appraisal. Photos are most often not clear enough to be read.
- Appraisal must have three (3) recent closed like comparables.
- Appraisal should indicate the home has not been installed or occupied previously at another site or location.
- The appraiser is responsible for knowing the local regulations. Additions or structural modifications may bring the original unit out of compliance and if the area where the manufactured home is located has such requirements, the appraiser must comment and verify the additions/modifications are in compliance.

## **Fannie Mae Requirements**

The appraisal site requirements for manufactured housing are:

- The appraiser must base his or her opinion of value on the characteristics of the subject property, including the site area.
- The appraisal report must indicate whether or not the site is compatible with the neighborhood, and must comment on the conforming of the manufactured home to other manufactured homes in the neighborhood.
- The property site must be of a size, shape, and topography that is conforming and acceptable in the neighborhood. It must also have competitive utilities, street improvements, adequate vehicular access and other amenities. Because amenities, easements, and encroachments may either detract from or enhance the marketability of a site, the appraiser must reflect them in the analysis and valuation.
- The appraiser must comment if the site has adverse conditions or is not typical for the neighborhood.

## **VA Requirements**

### **VA Existing Construction**

Generally defined as when the foundation for a manufactured home has been fully completed and the manufactured home unit has been installed.

There are two MPR-related requirements for existing construction manufactured homes:

- The site, manufactured home unit, and other on-site improvements (e.g. private well and septic, utilities, etc.) must meet VA MPRs for existing construction.
- The manufactured home unit must be properly attached to a permanent foundation system which is constructed to withstand both supporting loads and wind-overturning loads, and is acceptable to the State or local building authority.

If the VA fee appraiser has reasonable doubts as to the acceptability of the foundation system where there are no local requirements, a statement from a registered professional engineer is required.

The Cost Approach is not required but may be completed to supplement the indicated value in the sales comparison approach. Since VA relies on the sales comparison approach to value, the appraised value should never exceed the value indicated in the Sales Comparison Approach without detailed explanation.

## **APPRAISAL COMPARABLE SELECTION REQUIREMENTS**

The comparable selection for manufactured housing appraisal is as follows:

- The appraiser must select comparable sales of similar manufactured homes to address the marketability and comparability of a manufactured home, for example, multi-width homes to multi-width homes. The appraiser must use a minimum of two comparable sales of similar manufactured homes. The appraiser may use either site-built housing or a different type of factory-built housing as the third comparable sale. The appraiser must explain why site-built housing or a different type of factory-built housing is being used for the third comparable sale, and make and support appropriate adjustments.
- An appraiser that is unable to locate sales of manufactured homes that are truly comparable to the subject property may decide it is appropriate to use either older sales of similar manufactured homes or sales of similar manufactured homes that are located in a competing neighborhood to establish a baseline for the sales comparison analysis and determine sound adjustments to reflect the differences between comparable sales that are available and the subject property.
- The appraiser must not create comparable sales by combining vacant land sales with the contract purchase price of the home. This type of information may be used as additional supporting documentation.

## **APPRAISAL COST APPROACH REQUIREMENTS**

A detailed and supported cost approach to value is required for all manufactured homes, which must contain the information indicated on the Form 1004C. The sales comparison and cost approach to value are complementary for the valuation of manufactured housing and must support the final value conclusion. A property developed and detailed cost approach will provide the information necessary for an appraiser to:

- Recognize differences in manufactured home construction quality
- Understand the difference between the comparable sales and the subject property
- Extract from the market appropriate adjustments for the sales comparison analysis, and
- Identify sales of manufactured homes that are similar enough to the subject property to use as comparable sales.

## **SOURCES OF MANUFACTURED HOUSING DATA**

- Traditional appraisal data sources do not provide enough quality manufactured home data for the appraiser to develop a supportable and well-documented manufactured home appraisal. While sources such as MLS and public records are important and may contain some data, appraisers must utilize other data sources, such as manufactured home dealers and construction companies/builders experienced in the installation of manufactured homes.
- One important source of manufactured housing information is the NADA Manufactured Housing Appraisal Guide. That publication:
  - Lists general manufactured home depreciated replacement values based on original factory construction categories, and
  - Offers a step-by-step process for arriving at the average retail book value for a manufactured home and can be used to develop a cost approach.
- Another source of information is Marshall & Swift's Residential Cost Handbook. Marshall & Swift provides:
  - Information that enables the user to arrive at an estimate of the cost of the manufactured home when new and the replacement cost based on, among other things, the construction quality; as well as,
  - An explanation of the items that enables the appraiser to support his or her conclusion of the overall construction quality of the manufactured home.
- The appraiser must support his or her opinion about both the quality and the condition of the manufactured home.
- 

## **MANUFACTURED HOME DEFINITIONS**

Anchorage: Connection between superstructure and foundation, by means of welds, bolts, and various high gage metal plates. Anchorage does not refer to any type of soil anchor.

Construction-Permanent: A construction-permanent (CP) mortgage combines the features of: a) a construction loan (a short-term interim loan for financing the cost of construction) and b) the traditional longterm permanent mortgage.

Existing Construction: The manufactured home has been permanently installed on a site for one year or more prior to the date of the application date.

Exterior Foundation Wall: Foundation walls placed directly below the exterior perimeter walls of the unit. These walls may or may not be structurally used as: bearing walls under gravity loads and/or shear walls under horizontal loads. If these walls are not used structurally, they are called non-bearing walls or skirt walls.

HUD Construction Code (Certification) Label: The Construction Code Label, sometimes referred to as a HUD "seal" or "tag", is metal, red in color with silver lettering and is permanently attached to the rear exterior siding of each transportable section; per HUD Title VI Regulations effective June 15, 1976. Itemized Value: The appraised value of the unit and land separately made.

New Construction: The manufactured home has been permanently erected site for less than one year prior to the date of the application.

Perimeter Enclosure: See skirting.

PFGMH: Permanent Foundations Guide for Manufactured Housing

**Relocation (of Manufactured Homes): Moving the manufactured home unit previously installed or occupied to any other site or location.**

**Skirting: A term used to describe a non-structural enclosure of a foundation crawl space. Typically, but not always, it is a lightweight material such as vinyl or metal, attached to the side of the structure, extending to the ground (generally, not installed below frost depth).**

## Fastapp Inc. Instructions

### APPRAISER CERTIFICATION OF TERMS AND STANDARDS OF ENGAGEMENT

Fastapp, Inc. | Appraisal Management | [www.fastapp.com](http://www.fastapp.com) | [info@fastapp.com](mailto:info@fastapp.com) | (949)676-0111

This Engagement Agreement is made between Fastapp, Inc., an Appraisal Management Company, and Robert Stellflug, an independent licensed/certified appraiser.

**\*\*The Client/Lender instructions will supersede Fastapp's instructions, when applicable.\*\***

#### **Assignment Terms**

1. **Competency and Capability:** By accepting this assignment, you confirm your geographic competence for the subject area and alignment with your scope of practice. If you lack competence in any aspect of this assignment (e.g., geographic location, property type, scope of work, or other conditions), decline the assignment immediately.
  - **Disclosure of Lack of Competency:** If an assignment falls outside your existing competency, you agree to promptly disclose this to Fastapp before accepting the assignment.
2. **Compliance Requirements:** Ensure all appraisal reports conform to the development and reporting standards of USPAP, RESPA, FIRREA, and Dodd-Frank AIR regulations.
3. **Instruction Adherence:** Review all instructions carefully, including any client-specific directives. Failure to adhere to these instructions may result in the report being deemed incomplete.
4. **Prior Services and Conflict of Interest:** Disclose any prior services performed on the subject property within the past 36 months and any potential conflicts of interest before accepting the assignment. Conflicts include direct or indirect financial or ownership interests in the subject property or any party involved in the transaction.
5. **Appraiser Profile and Trainee Usage**
  1. Notify us if the assigned appraiser is part of a company with multiple appraisers. Each appraiser must have a complete profile on file, including a valid license, E&O insurance, W-9, and resume.
  2. Prior approval is required to assign the order to another appraiser or to involve a trainee. If a trainee is involved, the Supervisory Appraiser must inspect the subject property and comparables. No exceptions.
6. **Intended User:** The lender is the client/intended user. Do not accept instructions from external parties or engage in discussions about value during the assignment.
7. **Report Submission:** Submit all reports in **PDF and XML formats** via the ValueLink Portal. Ensure the report meets UCDP (Fannie Mae and Freddie Mac) format and data requirements. If you need access credentials, contact [info@fastapp.com](mailto:info@fastapp.com).
8. **Cancellation Policy:** If you cannot complete the assignment after accepting it, no fees will be paid. If the client cancels the assignment before inspection, no fees will be provided.
9. **Trip Fee:** A standard trip fee of \$100 is applicable for each trip **if no fee was disclosed**, unless a different amount has been previously discussed and agreed upon before the acceptance of the order. **If no communication regarding a trip fee is received, it is assumed that one is not necessary.**
10. **Payment Policy:** Payment for the appraisal must only be received through Fastapp. Do not accept payment from any other party.
11. **License Renewal:** Do not accept assignments if your license will expire within 30 days without plans for timely renewal. Assignments completed under expired licenses will not be compensated.

#### **General Requirements**

For consistency and quality across all appraisals, the following requirements must be met:

1. **Documentation:** Include your appraiser's license and E&O insurance with the report. If E&O is not attached, provide an explanation in the report.
2. **1004MC Form:** All appraisals must include a completed 1004MC form, as required by our clients.

3. **Comparable Sales:** Include at least **3 sold comparables** and **1 active or pending listing** to support the market value conclusion.
4. **USPAP Standard Rule 1-5 Compliance:** Analyze all relevant agreements, sales, and listings under USPAP Rule 1-5. Provide a detailed contract analysis beyond restating terms and include a 12-month sales history for all comparable sales used.
5. **Market Value Discrepancy:** If the market value differs significantly from the predominant neighborhood value, include a clarifying comment in the report.
6. **Cost Approach:** Complete the Cost Approach unless it is inapplicable. If not completed, provide a reason and ensure the "Site" value is still included.
7. **Address Accuracy:** Ensure the subject address matches the information provided on the order form/engagement letter. Explain any discrepancies in the report.
8. **AMC Name Inclusion:** Include the AMC's name (Fastapp) in the "Name" field of the report's signature card.
9. **Purchases:** Review the fully executed contract and complete the contract section as per UAD guidelines. Provide a complete listing history for the subject, including list date, DOM, price changes, and source citations.
10. **Additional Data Points**
  - Include **Exposure Time** in the report.
  - Comment on any prior services rendered on the property in the past 3 years.
11. **Utilities:** Confirm and comment on the functionality of utilities during the inspection.

### **Appraiser Independence Requirements (AIR)**

In performing appraisal assignments for our clients, you pledge adherence to the Appraiser Independence Requirements (AIR). These requirements exist to bolster objectivity, impartiality, and independence throughout the appraisal procedure. Accordingly:

1. Ensure your appraisals remain free from conflicts of interest and that neither you nor any affiliated party has direct or indirect stakes in the property or its corresponding transaction.
2. Promptly disclose any emergent potential conflicts during the engagement.
3. Should any party attempt to unduly influence your analysis or conclusions in a manner conflicting with AIR, report such attempts immediately to Fastapp via info@fastapp.com or 949.676.0111.

### **Communication Expectations**

#### **Order Assignment and Acceptance:**

- Response Time: Upon assignment, appraisers must accept or decline the order within 8 business hours. If the order remains unaccepted after this period and no specific appraiser is required (OA), it will be reassigned to another appraiser.
- Acknowledgment: Upon acceptance, unless there are any inspection delays, the ETA communicated and agreed upon at acceptance will be the expected due date.

#### **Initial Point of Contact (POC) Notification:**

- First 24 Hours: Within the first 24 hours of order acceptance, the appraiser must reach out to the POC to coordinate the inspection, regardless of the due date, unless communicated otherwise during the acceptance/quoting process. Please note that the POC listed in the order must be contacted, even if the property has a lockbox, to verify access.
- Inspection Scheduling: Within 48 hours of acceptance, the appraiser must provide an inspection date. If additional scheduling time is required due to client preferences or other factors, the appraiser must communicate these needs promptly.

#### **Scheduling Confirmation and Adjustments:**

- Scheduling Changes or Delays: If any scheduling conflicts or delays arise, appraisers must inform the team on the same business day. This communication should include the reason for the delay and an updated inspection timeline, if available.

#### **Inspection Day Requirements:**

- **Inspection Completion:** Within 8 business hours following the inspection, appraisers must:
  - Confirm whether the inspection was successful or if additional visits are required. If the inspection was successful, the appraiser must affirm that the report is on track for the due date.
  - Notify our team if a trip fee is applicable. If no communication regarding a trip fee is received, it is assumed that one is not necessary. Additionally, if a follow-up inspection is completed without prior approval for a trip fee, no fee will be provided.

### **Adjustments to Report Due Date due to Inspection Availability:**

- **Due Date Adjustments:** If the appraiser anticipates that the initial due date will not be met due to the inspection date availability of the POC, they should communicate this adjustment when confirming the inspection date in the system.
- **Same-Day Inspections:** For inspections scheduled on the report due date, appraisers must confirm whether the report will still be delivered on that day or if an extension is needed, and if so, what the new due date will be.

### **Mid-Process Status Updates:**

- **Status Reports:** Appraisers are required to provide periodic status updates, particularly for orders requiring extensive analysis or for properties with complex characteristics.

### **Report Submission:**

- **Timely Submission:** The final report must be submitted by the agreed-upon due date. If unexpected delays occur on the submission day, the appraiser must notify the team as early as possible, providing an updated expected submission time.
- **Consequences of Missed Deadlines:** In instances where a report is late without prior approval for delay, Fastapp reserves the right to reassign the order. The original appraiser will not be entitled to compensation for that order.

### **Revisions and Follow-Up Communication:**

- **Revision Requests:** If revisions are requested, the appraiser must address these within 4 business hours (depending on the complexity of the revisions). Prompt and open communication regarding the status of revisions is essential to maintain timelines.
- **Authorized Communication:** Only requests originating from Fastapp are to be addressed. Should the appraiser be approached by real estate agents, the lender's origination team, or any external party, they should be directed to liaise with Fastapp.
- **No Additional Fees:** No additional fees will be accorded for one reconsideration request encompassing up to 5 comparable properties.
- **Appraisals Review:** Appraisals are subject to review both prior to and post-loan closure.

### **Escalation Process for Unresolved Issues:**

- **Problem Resolution:** If an appraiser encounters obstacles preventing them from meeting any aspect of these expectations, they must escalate the issue to the AMC as soon as possible.
- **Timeline for Resolution:** Unresolved issues or concerns requiring additional input should be addressed within 1 business day of escalation to avoid disruptions in the appraisal process.

## **PHOTO REQUIREMENTS**

All photos must be clear, descriptive, and taken personally by the assigned appraiser. Blurry photos are unacceptable. Under no circumstances should an appraiser request or accept photos from another party; any required photo must be taken firsthand by revisiting the property if necessary.

### **Specific Photo Requirements:**

- **Properties & Listings:** All comparables, listings, and pending sales, including rental comparables.
- **Online Sources:** Do not use MLS or other online photos for any of the subject photos. If comp photos are obtained online, please comment why.

- **Exterior:** All external sides of the property, including garages or parking structures.
- **Interior:** Every room within the property (e.g., living room, family room, dining room, office, mudroom, laundry room, all bedrooms, etc.).
- **Structural & Mechanical:** Attics, basements (whether finished or unfinished), crawl spaces, all mechanicals, detached structures or outbuildings (both interior and exterior photos).
- **Additional Areas:** Porches, patios, decks, and pools.
- **Repairs & Renovations:** Any items in need of repair, showing deferred maintenance, or recently renovated or updated.
- **Valuation Factors:** Any cause of obsolescence or elements affecting the property's value.
- **Safety & Utilities:** Smoke and CO detectors, and water heaters.
- **Street Scene:** A street scene identifying the location of the subject property and showing neighboring improvements
- **Condition Issues:** Photos must visually confirm any condition issues that could negatively impact the property, such as mold, exposed wiring, or general damage.
- **Aerial View:** A reliable aerial view (e.g., from Google Maps) is needed, showing both the subject property and its immediate neighborhood.

### **Sold and Rental Comparables**

- A minimum of 3 closed sales and/or 3 actively "RENTED" comps are required for each form when ordered. If active "LISTINGS" can only be provided, STOP and CONTACT THE AMC IMMEDIATELY. - If only rental active "Listings" are available through appraiser databases, approval must be received from the client to proceed with the assignment.

**ANSI MEASUREMENT STANDARDS:** To ensure consistency and accuracy in property evaluations, Fastapp mandates adherence to the following requirements related to ANSI (American National Standards Institute) measurements:

**Measurement Standard Adoption:** Starting from April 1, 2022, for appraisals requiring both interior and exterior inspections, appraisers must use the "Square Footage-Method for Calculating: ANSI® Z765-2021" standard to measure, calculate, and report both gross living area (GLA) and non-GLA areas of subject properties.

### **Sketches & Floor Plans:**

- Sketches should be computer-generated; hand-drawn sketches won't be accepted.
- They must clearly showcase all the necessary dimensions for calculating GLA and other significant areas, such as garages and basements.
- The sketches should include calculations, transparently illustrating the methodology used to determine the gross living area.

### **ANSI Standard Compliance**

- At the outset of the "Additional Features" field, appraisers should note that the "measurement complies with the ANSI standard."

### **PROPERTY ASSESSMENT ALERTS**

1. **Property Type Discrepancy:** If you identify that the property type differs from what was specified in the order, please alert Fastapp at once.
2. **Environmental or Atypical Concerns:** Should the subject property exhibit adverse environmental issues or present characteristics extremely uncommon for the area:
  - Capture Clear Photographs of the anomalies
  - Notify Fastapp immediately

### **SPECIAL REPORTING REQUIREMENTS FOR PROPERTY IRREGULARITIES**

In situations where the current use, highest and best use deviates from standard residential guidelines, or the property is in violation of zoning regulations, appraisers are mandated to follow these protocols:

**Immediate Communication:** Contact Fastapp without delay if it's determined the assignment can't be completed as initially requested.

**No Alterations:** No "carve-outs," "proposed lot splits," or "proposed lot merges."

**Notable Property Features:** Any irregularities in lot shape and existing easements must be highlighted both in the report and on the plat map.

**Regulatory Compliance:** All appraisals should align with Property and Appraisal Requirements as outlined by Fannie Mae and Freddie Mac.

#### **Responsibility Limitations:**

- The appraiser and Fastapp are not tasked with determining compliance with investor guidelines for lending.
- Should you identify any property or market-related concerns, ensure they are thoroughly addressed in the appraisal report.

#### **Incomplete Assignments:**

- If an assignment cannot be finalized for any reason, provide:
  - A comprehensive written statement detailing the discovered issues and reasoning for non-completion.
  - Relevant photos and/or documentation substantiating the identified challenges.

### **ADDITIONAL REQUIREMENTS**

#### **Legal Descriptions:**

- The appraisal report should capture the full legal description. If space is limited, add the full description in the Addendum.
- For condominiums, pinpoint and describe the individual unit (e.g., unit number) within the legal description.
- For PUDs (Planned Unit Development): Report the project's legal name, HOA dues and assessments, details of common elements and amenities, and complete the Unit Breakdown grids.

**Farm Designations:** Clearly identify and report if the subject property functions as a working (income-producing) farm or is more of a hobby farm.

**HOA Information:** If the lender/client doesn't provide condominium or PUD questionnaires, the appraiser must independently source this information from the HOA, management company, or public records.

**Property Activities:** Note any commercial, agricultural, farming, or ranching activities and provide corresponding photos.

**Private Road Details:** If the subject is on a private road, detail the Road Maintenance Agreement and clarify who is responsible for road upkeep. If such information isn't available, comment on vehicular access and any possible maintenance agreements.

**Market Conditions:** In declining or appreciating markets, report the impact on value and provide at least two (2) active listings or pending sales in the grid.

#### **Site & Zoning:**

- If site dimensions are absent in the appraisal, include a plat map marking the subject parcel.
- Analyze any adverse effects of nonconforming use on property value and marketability.
- If the property spans multiple parcels, this must be addressed and analyzed.

**Unpermitted Additions:** If the subject has any unpermitted additions (like garage conversions), comment on their quality, appearance, impact on marketability and value, functional obsolescence, and any zoning violations. Do not complete appraisals "subject to" permits.

**Manufactured Homes:** If a site-built home includes an additional manufactured home, ensure the manufactured

home isn't permanently affixed to the site and that it meets all local zoning, building, and safety codes. Additionally, confirm whether the manufactured home is included in the appraisal as real property or personal property and note any impact on marketability or value.

**SFR w/ ADU:** When a 1007 is ordered with a 1004, and the appraiser discovers that the subject has an ADU, please STOP and notify the AMC before proceeding in order to determine which opinion of market rent needs to be developed. This may require adding an additional 1007 to develop market rents for both units.

### **ACCESSORY DWELLING UNITS (ADU)**

- **Multiple ADUs:** If a subject property has more than one Accessory Unit, contact Fastapp immediately for further instructions on the assignment.
- **Zoning Compliance:**
  - Ensure you report on the zoning compliance of any ADUs present.
  - If the ADU isn't in line with zoning regulations, clearly indicate in the appraisal report that the improvements signify a use not aligned with zoning.
- **Market Acceptance through Comps:**
  - Incorporate at least one comparable sale that has a similar accessory unit to illustrate market acceptance of such features.
  - If an ADU doesn't conform to zoning, the appraisal should include an analysis of a minimum of three (3) comparable properties that share the same non-compliant zoning use.
- **Non-compliance Issues:** If the market acceptance for non-zoning compliant ADUs can't be substantiated through the mentioned comparables, it's essential to notify Fastapp immediately.

### **PROPERTIES WITH ADDITIONAL KITCHEN(S)**

When evaluating properties that feature a second or additional kitchen(s) within the primary dwelling:

#### **Zoning and Compliance Analysis:**

- Comment on the additional kitchen's alignment with local zoning regulations.
- Address any health, safety, or structural integrity concerns linked with the kitchen.
- Provide insights on the quality and appearance of the additional kitchen, and its potential influence on the property's marketability and value.

#### **Permitted Additional Kitchens:**

- If the second kitchen isn't permitted but is in line with zoning rules (i.e., not illegal use), and poses no health, safety, or structural concerns, the appraisal can be marked "As-Is."
- In such instances, if the appraiser can support the value of the kitchen by referencing at least one comparable property that also has a similar additional kitchen, a value may be provided for the improvement.

#### **Non-Permitted & Problematic Kitchens:**

- If the second kitchen is non-permitted, doesn't adhere to zoning regulations, or poses health, safety, or structural concerns, such kitchens are deemed ineligible.
- Appraisals for these properties should be marked "Subject-To" the kitchen's removal if the client requires it.
- The appraiser should also note any functional obsolescence the kitchen adds to the property and provide a cost-to-cure estimate for restoring the area to its original condition.

### **PROPERTY CONDITION AND QUALITY**

#### **Condition Ratings:**

- If a property is rated C5 or C6, contact Fastapp immediately for guidance unless the assignment is for a 2 value report (As Is and As Repaired values)

#### **Quality Ratings:**

- Properties with quality ratings between Q1 and Q5 are eligible for delivery.
- A Q6-rated property may be considered eligible, but only if identified issues don't jeopardize the safety, soundness, or structural integrity of the dwelling. In such cases:
  - Appraisers are required to photograph any items that will be listed as a repair condition in the report.
  - The report should feature detailed comments specifying what needs rectification.
- Reach out to Fastapp immediately for properties with Q5 or Q6 quality ratings.

### **SMOKE, CO DETECTORS, AND WATER HEATER STRAPS**

- The report must state whether smoke and CO detectors are present.
- The requirement for these devices based on local or state laws should also be addressed.
- Confirm and report on whether the water heater is double-strapped.
- Indicate if such strapping is mandated by local or state regulations.
- If the only identified deficiencies are the absence of required detectors or water heater strapping:
  - Complete the report as "as is".
  - Include comments highlighting the necessity of these features in compliance with legal standards.

### **DISASTER REPORTING GUIDELINES (FOR FEMA-IDENTIFIED AREAS)**

When appraising properties within regions designated by FEMA as disaster areas:

#### **Historical Overview:**

- Comment on any disasters that have transpired within the county of the subject property in the past 120 days.
- Analyze and report on the disaster's impact on the subject property and/or its neighborhood, if applicable.

#### **Photographic Evidence:**

- Provide clear photographs documenting any disaster-related damage.
- This should encompass damage not only to the subject property but also the broader market area, capturing elements like damaged infrastructure, power lines, utility systems, flood zones, etc.

#### **Safety Assessment:**

- Evaluate and comment on whether the property remains "safe, sound, and sanitary" for occupants in accordance with the specific loan type requirements.

#### **Value Impact:**

- Address any potential depreciation in the property's value due to the disaster.
- If applicable, estimate the costs associated with necessary repairs.

### **MIXED-USE PROPERTIES**

Mixed-use properties, characterized by their combination of residential and commercial elements, necessitate specific appraisal guidelines:

#### **Definition and Ownership:**

- A mixed-use property incorporates some form of commercial influence.
- The subject property should predominantly serve residential purposes.
- The borrower must simultaneously be the owner/occupant and the operator of the incorporated business.

#### **Condo/Co-Op Commercial Space Limitation:**

- For Condo or Co-Op properties, the allocated space for non-residential or commercial activities must not exceed 35% of the total area.

#### **Property Description and Zoning Compliance:**

- Furnish a comprehensive description of the mixed-use attributes of the subject property.
- Confirm that the property's usage aligns with local zoning regulations, marking it as a legal and permissible use.

#### **Impact on Marketability:**

- Report any negative implications on the property's marketability due to its commercial aspect.
- Highlight any market resistance that stems from the commercial use of the property.

#### **Value Assessment:**

- The property's market value should be derived from its residential features rather than the business use or any specialized modifications for business operations.

### **COMMERCIAL PROPERTIES**

- Any property comprising more than four (4) units, irrespective of their configuration, is deemed a commercial property.
- Should the appraiser identify a property fitting this description, or discern any other property that appears not primarily residential in nature, they must reach out to Fastapp for guidance.

### **NEW PROJECTS/DEVELOPMENTS**

**Contact Sales Office:** Prior to conducting an inspection, the appraiser must establish contact with the sales office of the development.

#### **Comparable Sales Requirement:**

- The appraisal must incorporate at least one current sale from the same builder/developer of the subject property within the project.
- Additionally, the appraisal should either feature:
  - One current sale from a competing builder/developer, or
  - A resale within the subject property's development that has been finalized in the past 30 days.

**Reliance on Builder for Sales Data:** In situations where comparable sales data is not readily available in public records, the appraiser might need to rely exclusively on the builder of the subject property to furnish this data.

### **COST APPROACH**

- The Cost Approach **must be** completed for all appraisals, and this should encompass the Remaining Economic Life.
- Should the Cost Approach be omitted, detailed reasons for such omission must be provided.
- Merely stating "because Fannie Mae doesn't require it" is not an acceptable justification for its exclusion.
- At a bare minimum, both the site value and the remaining economic life are to be specified.
- If the Opinion of Site Value amounts to over 30% of the Opinion of Market Value, a comment in the addendum is mandatory. This comment should clarify whether such a ratio is commonplace for the area in question

**SALES COMPARISON APPROACH & COMPARABLE SELECTION:** Appraiser must adjust for the impact concessions have on the sale prices per the definition of market value in all Fannie Mae/Freddie Mac appraisal forms.

### **COMPARABLE SALES LISTING**

When including comparable sales information in the appraisal report, appraisers should follow these detailed guidelines:

#### **Search Criteria Description:**

- Clearly describe the specific search parameters employed (e.g., GLA, proximity, time frame, age).
- Elucidate the outcomes of the search, such as the GLA range, number of sales unearthed, the range of sales prices, etc.
- Provide insight into how specific sales were chosen from the initial search results.

#### **New Constructions or Recent Developments:**

- If the subject property is a new construction or is situated in a new/recent condominium, subdivision, or PUD:
  - It's mandatory to contrast it with other properties in the vicinity, those within the same subdivision/project, or even competing neighborhoods.
  - At least one comparable sale from the subject subdivision or project is required, alongside one from outside this region. The third sale can be chosen from either inside or outside the subject subdivision or project, as long as it offers a credible valuation for the subject property.
  - These sales must be authenticated using reliable data sources, excluding the builder.

#### **Use of Dated or Distant Sales:**

- Appraisal reports containing dated or geographically distant sales are acceptable.
- In such cases, the appraiser is obliged to furnish an analysis that justifies the inclusion of these sales, providing cogent reasons and clearly defining the search boundaries utilized.

### **UNIQUELY CONSTRUCTED PROPERTIES**

When appraising properties with distinct designs or those not commonly found in the market area, appraisers should consider the following guidelines:

#### **Comparable Sales with Similar Design:**

- The appraisal should incorporate at least one sale that mirrors the unique design and appeal of the subject property. This is to highlight the effect on marketability and value.
- It's permissible for appraisers to utilize dated or geographically distant sales data to satisfy this requirement.

#### **Lack of Identical Design Sales:**

- If an appraiser is unable to pinpoint a sale that shares the same design and appeal as the subject property:
  - The appraisal should offer robust justification for any adjustments (or the absence of adjustments) made in relation to design and appeal for the selected comparable sales.

### **EXHIBIT GUIDELINES FOR APPRAISALS:**

When preparing exhibits for appraisal reports, appraisers should adhere to the following specifications:

#### **Uniform Appraisal Dataset (UAD) Formatting:**

- All reports must employ UAD formatting standards when specified by the client.
- This requirement encompasses various forms, including but not limited to, forms 1025, 2090, and related exhibits.

### **SKETCHES & FLOOR PLANS**

**Dimensions & Calculations:** Detailed area dimensions and comprehensive calculations are required for the subject across all levels, including basements, as well as any outbuildings.

#### **Floor Plan Details:**

- The floor plan should clearly identify:
  - All levels.
  - Individual rooms, bedrooms, and bathrooms.
  - All living spaces, inclusive of basements.
- Areas showcasing functional obsolescence should be distinctly highlighted on the sketch. This includes any pertinent interior wall configurations.

**Additional Site Features:** For properties equipped with a well, septic system, propane or oil tanks, the approximate locations of these components should be distinctly illustrated on the sketch.

## **SHORT TERM RENTAL (STR) ASSIGNMENTS**

When handling appraisal assignments that entail the development of market rent based on Short Term Rentals (STRs), appraisers should consider the following stipulations:

### **Eligibility & Familiarity:**

- The assignment should only be accepted if the appraiser is confident in their ability to develop market rent utilizing STRs.
- Should the appraiser discern post-acceptance that a credible market rent cannot be established using STRs, they must halt the assignment and promptly notify the AMC.

### **Property & Market Prerequisites:**

- The subject property must be situated within a market that permits STRs.
- The subject itself must be authorized for STR usage.

### **Data & Analysis:**

- Appraisers must have access to relevant and credible data to conduct a comprehensive rental analysis.
- Any extraordinary assumptions employed in the rental analysis must be explicitly disclosed.
- All rental figures for the comparables and the Opinion of Rent must reflect as a "Monthly" figure, regardless of form type used, and will only reflect as an "Annual" figure if requested by the client.

### **Long-Term Rentals Restriction:**

- Appraisers providing figures based on "Long Term Rentals" will not be compensated for the 1007 form unless prior authorization has been obtained before the appraisal report's submission.

## **Errors & Omissions Insurance Requirements**

Appraisers must hold a valid E&O insurance policy effective on the appraisal report's date. Failure to comply will result in forfeiture of fees for this assignment. Appraisers are responsible for ensuring their insurance coverage suits the nature of appraisal services they offer. They must also ensure that there are no conflicts between any coverage exclusions or limitations and the terms of this engagement or relevant laws and regulations. Documentation of coverage must be provided upon request.

## **HANDLING OF SENSITIVE DATA AND PRIVACY COMPLIANCE**

In alignment with our commitment to uphold the integrity and security of personal and sensitive information, we emphasize the critical nature of data protection within appraisal management processes. By consenting to this engagement, the appraiser agrees to the stipulated standards:

**Data Confidentiality:** All sensitive and personal data encountered during this assignment must be treated with the highest regard for confidentiality. The appraiser is responsible for ensuring that such data is neither shared with unauthorized entities nor mishandled in any manner that jeopardizes its security.

**Regulatory Compliance:** The appraiser is expected to remain updated on, and rigorously comply with, all relevant privacy laws and regulations. This encompasses standards related to the gathering, storage, utilization, and transmission of personal and sensitive information.

### **Payment to Appraisers:**

Payments adhere to the specified payment terms of each regulatory agency overseeing appraisal management companies. Fastapp is licensed in all jurisdictions where such licensing is mandated. We have ensured that our payment policies are fully compliant with the regulations and requirements of each state in which we operate.

- **Electronic Payments:** We use the electronic payment processor, ACHWORKS. Appraisers will receive payments directly via electronic transfer (ACH) to the account associated with their profile in our system. An email confirmation detailing the transaction will be sent upon successful payment processing.
- **Payment Timeframe:** Fastapp issues payments within a 30-day timeframe from the date of completion of the appraisal assignment.
- **Liability for Payment Delays:** Fastapp is not liable for delays resulting from inaccurate, outdated, or incomplete payment information. It's the Appraiser's responsibility to keep payment details and profile data current. For swift payment processing, always ensure your ACH details in your profile are up-to-date.
- **Queries:** For questions or concerns about payments, contact us at [accounting@fastapp.com](mailto:accounting@fastapp.com).

By accepting this engagement, the appraiser affirms they have reviewed and fully understand the terms outlined in this letter. The appraiser's acceptance of the assignment via the software platform constitutes a binding agreement between both parties, with the same legal validity and enforceability as a physically signed contract.

Thank you for your commitment to providing high-quality appraisals. If you have any questions or concerns, please do not hesitate to reach out to us.

**Fastapp, Inc. | Appraisal Management | [www.fastapp.com](http://www.fastapp.com) | [info@fastapp.com](mailto:info@fastapp.com) | (949)676-0111**

### **State Specific Instructions**

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#### **ACKNOWLEDGED AND AGREED:**

Vendor: **Robert Stellflug**  
Date: **11/25/2025 6:56:47 PM**