

External Circular

Appraisal Reporting Requirements

Circular No.: 2012-40-E **Date:** December 21, 2012
Distribution: Staff Appraisers/Reviewers **Effective:** December 21, 2012
 Fee Panel Appraisers
 Vendor Management Companies


LandSafe has begun accepting and fulfilling orders for **Retrospective 1004** appraisal products for Loan/Default Servicing customers. The purpose of this circular is to highlight requirements in the Engagement Letter that are unique to *Retrospective* products.

Retrospective 1004 Appraisal Requirements

Retrospective Valuation Overview

The purpose of the retrospective valuation assignment is to establish a value of the subject as of a date in the past (“retrospective effective date”). The following applies in the development and reporting of this retrospective valuation assignment:

- Two dates are essential in this appraisal report. The effective date of the appraisal and the date of the report.
 - The effective date of the appraisal establishes the context for the value opinion. The effective date of this assignment is a **retrospective date**, meaning the effective date is in the past.
 - The **date of the report** reflects the date the appraisal is signed and completed and indicates the perspective from which the appraiser is examining the market
- The **retrospective effective date** of this assignment will be provided to the appraiser in the Engagement Letter underneath the Lender/Client.

LENDER SPECIFIC APPRAISAL ASSIGNMENT CONDITIONS:
 The following are lender specific instructions that supersede the appraisal development and reporting requirements in the Report Scope of Work.
 Lender/Client Names - The “Lender/Client” for this report should be Bank of America.
 Retrospective Date is 07/25/12. 

- The use of clear and concise language and appropriate terminology in appraisal reports helps to eliminate misleading reports. To avoid confusion, the appraiser must clearly establish the retrospective effective date.
- Data subsequent to the effective date may be considered in developing a retrospective value as a confirmation of trends, but comparables used in the sales comparison approach must have occurred on or before the retrospective date of value.

The majority of these assignments will have retrospective dates within the prior six months.

Supplemental Addendums NOT Required on Retrospective 1004

As indicated in the Engagement Letter instructions, the Supplemental Real Estate Owned and the Pre-Foreclosure Addendum are **not** required on these specific products for the Loan/Default Servicing customer.

1004 MC

The Fannie Mae/Freddie Mac Market Conditions Addendum (1004MC/71 form) **is required.**

Text Addendum Required for Scope of Work Modification Disclosure

In the text addendum, include the following required disclosure verbatim:

Scope of Work Modification Disclosure — “Based on my engagement and the required scope of work, I have developed a retrospective value for the subject property. The date of my inspection was: ___/___/___ and the retrospective effective date of the report was ___/___/___ . I am aware that the pre-printed form used indicates that the date of inspection and the effective date of the appraisal are the same. I am making an extraordinary assumption that the condition of the property has not changed and that the condition of the property as of the date of my inspection is identical to the condition of the property as of the retrospective effective date.

INTENDED USE: The intended use of this appraisal report is for the lender/client to evaluate the subject property for default servicing related purposes.

INTENDED USER: The intended user of this appraisal report is the lender/client specified on page one of this report.”

NOTE: See Uniform Standards of Professional Appraisal Practice Statement 3 for additional details on Retrospective appraisal reporting.

As Is Value – Normal Marketing Time

The LandSafe appraiser must provide an “**As Is**” opinion of market value in the Reconciliation Section of the report. If the appraiser cannot complete the appraisal with an “As Is” opinion of market value, the appraiser should contact the LandSafe Scheduler and not proceed with the assignment.

The *Retrospective* 1004 product does not require the additional development and reporting of an “As Repaired” and “As Is Restricted Marketing Time Opinion of Value.”

Enhanced Comparable Reporting Requirements

A minimum of three (3) sales that closed within 12 months and at least one (1) retrospective active listing or pending in the sales comparison grid are required. Of these:

- At least **two (2)** of the comparable sales must have closed within 90 days prior to the retrospective valuation date or provide explanation why this requirement cannot be met.
- At least **two (2)** of the closed comparables must be from Multiple Listing Service (MLS), if available

**Enhanced
Comparable
Reporting
Requirements
(continued)**

- At least **one (1)** listing OR **one (1)** pending sale from MLS **must** be utilized as comparable 4-6 in the grid. Listings and pendings will have been listed or pending prior to or as of the retrospective effective date of the report.

Deliver AI Ready

Deliver the appraisal through AppraisalPort using AIReady software.

**Appraiser
Assistance**

If you need assistance or have questions regarding the completion of these appraisal assignments, please contact the Resolution and Customer Assistance Team and your question will be answered by a Regional Chief Appraiser at **1.800.341.6033**.