

External Circular

Appraisal Reporting Requirements Default Servicing USDA Rural Housing Product

Circular No.:	2013-17	Date:	May 28, 2013
Distribution:	Fee Panel Appraisers Vendor Management Companies Staff Appraisers/Reviewers	Effective:	May 28, 2013

Purpose: This circular is intended to provide an overview of the Default Servicing (Short Sale) Customer's appraisal completion requirements on the United States Department of Agriculture (USDA) appraisal product. The intended use is NOT for USDA loan origination purposes. These requirements are also noted in the Lender Specific Appraisal Assignment Conditions located in the LandSafe Engagement Letter.

Default Servicing USDA Appraisal Requirements

Signature and Completion by Assigned FHA Roster Appraiser

LandSafe requires the appraiser to be certified within the state in which they are completing the assignment and active on the **FHA Appraiser Roster**. **It is recommended that the appraiser state in the comments addendum that they are on the FHA Roster as of the effective date of the appraisal report.**

The only signature permitted, on the left as the appraiser, is that of the LandSafe assigned *FHA Roster* appraiser who accepted the order and whose name appears on the Engagement Letter. Supervisory signatures are not permitted on this assignment. The subject property is to be inspected, and the appraisal is to be completed by the assigned LandSafe Appraiser. The completed appraisal report must be then signed by the assigned LandSafe Appraiser.

FHA Case Number

There is no FHA Case Number on this assignment since the original loan did not have an FHA Case Number. However, there may be an alternate "Tracking Case Number" which is used by the customer for tracking purposes and should be indicated on the upper right corner of Page 1 of the appraisal if provided by the customer. If there is a tracking number, it will be provided under the Lender/Client name in the Lender Specific Appraisal Assignment Conditions.

"As Is" Opinion of Market Value

The "As Is" box must be checked with the **opinion of market value** being commensurate with the "As Is" condition of the subject. Comparable sales are accordingly adjusted for condition variances that would reflect the repairs necessary to bring the subject property in compliance with HUD Minimum Property Requirements. **Every effort should be made to develop the "As-Is" Opinion of Value. Extraordinary assumptions and disclaimers for repair costs are permitted.**

"As Repaired" Opinion of Market Value

The appraisal must also include a standard "As Repaired" **opinion of market value**. The "As Repaired" value must be indicated in the Reconciliation comments section with the following format: "As Repaired \$XXX, XXX". The "As Repaired" value must be indicated even if no repairs were required and the value is identical to the "As Is" value. The appraiser is to provide support for the "As Repaired" value and may include additional comparables in a supplemental addendum. An adjustment grid for this analysis may be included, but is not required.

If an “As Is” Opinion of Market Value Cannot Be Developed	IF CONDITIONS ARE DISCOVERED DURING THE INSPECTION THAT PREVENT THE DEVELOPMENT OF A CREDIBLE “AS-IS” VALUE, THE APPRAISER SHOULD TAKE PHOTOS AND IMMEDIATELY NOTIFY LANDSAFE. Upon customer approval, the appraiser may be instructed to complete the assignment with the “Subject To the following repairs or alterations” box checked and render an opinion of market value with the assumption that the described conditions or necessary repairs stated will bring the property up to HUD Minimum Property Requirements. In addition, the “As Repaired” value must be indicated in the Reconciliation comments section with the following format: “As Repaired \$XXX,XXX”. An “As Is” value <u>will not be indicated</u> in the report.
Borrower Name	The Borrower name(s) field is required to be exactly as it appears in the order. The “Borrower” is the borrower name on the existing loan as this is not a new FHA loan origination. If the borrower name is NOT listed within the engagement letter under the CONTACT INFORMATION area with the CONTACT TYPE of “Borrower”, then please stop and contact the scheduler for further instructions.
Contract	There is no purchase contract. There may be an offer from a third party to purchase the subject property but it is subject to the lender/investor approval and/or a counter offer. The Assignment Type is “Other” Short Sale.
Utilities	Appraisal report must include a statement whether the utilities were on or off at inspection. If utilities are off , the appraisal is made with the Extraordinary Assumption that “all utilities are in working order.”
NO DE Underwriter	For these assignments, all reconsideration requests will be made through LandSafe as a DE Underwriter is not part of the transaction. This appraisal is for Short Sale Servicing on an existing USDA, HUD, FHA loan and NOT for USDA new loan origination purposes.
FNMA Forms	The LandSafe Appraiser is to verify the property type and utilize the appropriate version of the Fannie Mae form: <ul style="list-style-type: none">○ One-unit or one-unit with an accessory unit and individual units located in a PUD, use Form 1004.○ Individual condominium unit or Detached Site Condominium, use Form 1073○ Manufactured Home (on a permanent foundation), use Form 1004C
Market Conditions Addendum (1004MC)	The Fannie Mae Market Condition Addendum must be completed on this appraisal assignment.
USDA Scope of Work	Follow the Lender Specific Appraisal Assignment Conditions in the Engagement Letter which supersede any similar requirements noted in the Report Scope of Work . The Report Scope of Work on the USDA appraisal product will be retired in the immediate future.
Questions	Should you need additional clarification or have questions, please contact the Resolution and Customer Assistance Team (RCA Hotline) at 1.800.341.6033.