

***Effective 6/29/2017, the following Guaranteed Rate appraisal guidelines and conditions must be met on all orders accepted by the appraiser. If the appraiser cannot meet these conditions, the appraisal must be declined.***

All appraisal reports delivered by Independent Contractor Appraisers (“Fee Appraisers”) to Guaranteed Rate are examined for compliance with the Uniform Standards of Professional Appraisal Practice (USPAP), Fannie Mae and Freddie Mac guidelines, the Real Estate Settlement and Procedures Act (RESPA), the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA), FHA, Guaranteed Rate Specific Guidelines, and Special Investor Specific Guidelines.

## **APPRAISAL ACCEPTANCE GUIDELINES**

### Appraiser Communication

- Accept or decline the appraisal order in LenderX within 4 hours. The mobile application that is available for iPhone and Android platforms can assist with order acceptance as well as offering other pipeline management tools.
- Contact the Borrower or the Seller’s Agent within 24 hours of acceptance for appointment scheduling. Update LenderX with an inspection date and expected date once the appraisal is scheduled.
  - When making the call to the contact person, prior to scheduling the inspection appointment, please ask them if the utilities are on. If the utilities are not on, please put the appraisal order on HOLD and update LenderX so our processing department is notified.
- Please revise the expected date in LenderX if for whatever reason it changes or the date becomes unrealistic. Please provide an explanation for any date changes.
- Return completed appraisal report no later than 7 business days after appraisal acceptance. Keep in mind, better turn times with accurate reports may increase the number of appraisal orders that you receive.
- Rural, Unique, or Complex properties may require additional time and research. If the appraiser feels additional time is needed, immediately update LenderX and request an extension.
- Do not attempt to contact any person outside the Appraisal Desk at Guaranteed Rate in reference to the appraisal of this property. If you are contacted by anyone at Guaranteed Rate outside the appraisal department, please do not discuss the appraisal order or appraisal with them and refer them to the appraisal department or Collateral Valuation Review. Messages through LenderX are an exception to this rule.
- Do not question the homeowner/access person about an anticipated, estimated, encouraged, or desired value or loan to value/loan amount for the appraised property.
- Only appraisers who have been approved by Guaranteed Rate may accept appraisal orders.

You will be representing Guaranteed Rate and the entire appraisal industry when you visit a subject property. We expect each of our appraisers to always act in a professional manner and to comply with all accepted practices. The following items are inappropriate and may result in a warning, if not removal (See Warning & Removal Policy).

We expect each of our appraisers will remain professional at all times when interacting with everyone during a Guaranteed Rate appraisal assignment including the borrower, agent, or any Guaranteed Rate employee with whom you may interact throughout the appraisal process.

Professionalism throughout the assignment process includes but is not limited to the following:

- USPAP and all appraisal professional standards MUST be conformed to at all times.
- At no time during the appraisal process may an appraiser be under the influence of drugs or alcohol.
- Appraiser must refrain from smoking while visiting the subject property.
- Appraiser is to be polite and courteous when interacting with any party during the appraisal process, no foul or inappropriate language may be used with any party.

- Appraiser is not permitted to bring animals to inspections, if you utilize a service dog, please let Guaranteed Rate know and we will attempt to make an accommodation.
- Appraiser is not permitted to bring other people to inspections, unless it is another appraiser, appraiser trainee, or for security needs.
- Appraiser will listen to all concerns borrowers, homeowners, or agents may have including value but may not discuss value with borrower, instead, politely explain that you are contractually prohibited from discussing value with anyone other than Guaranteed Rate's Appraisal Desk or Collateral Valuation Department.
- Appraiser must remove his/her footwear or wear booties over his/her footwear upon entering a residence OR the appraiser must ask if it is acceptable to keep their footwear on during the interior inspection.
- Appraiser to provide identification through Appraiser's License, Driver's License, or business card at time of inspection.
- Appraiser will not inspect a property if only a minor is present. Appraiser will ask minor for guardians contact phone number and call guardian from site to advise that the appraisal cannot be performed without a person aged 18 or older present at the time of inspection.
- Appropriate and Professional dress is required. Recommended attire for appraising is khaki or pleated pants and a polo or button down shirt. While on a Guaranteed Rate assignment, we request that you do not do or wear anything that can be perceived as offensive or unprofessional.

#### Report Requirements

- **File Format**
  - The client for this engagement requires the report to be delivered in **XML & PDF** File format, unless otherwise directed.
- **Supporting Documents**
  - Copy of appraiser's license must be included in the appraisal report.
  - Copy of appraiser's E&O policy must be included in the appraisal report.
- **Property & Neighborhood**
  - Property address: The address must reflect the physical address of the property. Any difference from the engagement letter address and/or postal address must be clearly noted and explained.
  - 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 nationally recognized sources such as Data Quick, local MLS, or tax records.
    - ✓ If the subject is noted to be in an increasing or declining market the appraiser must analyze and report the impact on value due to the market condition changes. The appraiser must provide support for adjustments if applied.

- 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 comparables that bracket the adverse features and adjust for those that do not have similar adverse features as necessary.
  - All acreage must be included, and 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.
- **Sketch/Floor Plan**
    - Floor plan identifying all levels which includes all rooms, all bathrooms (half thru full), porches (covered and non-covered), basement (including rooms) and garage.
- **Sales Comparison Approach**
    - Guaranteed Rate requires all appraisal reports to contain: two competitive active listings or pending sales which are adjusted for the current list price to sales price ratio; and at least three comparables sold within the past 12 months, if any comparables exceed 120 day's commentary and market support is required. If the market is considered increasing or decreasing sales must be within 90 days. If these requirements are not possible then appraiser must provide detailed explanation as to why.
    - Adjust for the impact of concessions on the sale prices of comparables, 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.
    - All reports must be consistent throughout and be well supported. A comprehensive value conclusion is expected. Comments like "all comparable sales have been given equal weight" is not sufficient. A detailed analysis on how the comparable sales were weighted to derive the value conclusion should be included.
    - Appraiser must include the following Comparable Sales list information within the appraisal report:
      - ✓ Description of the search criteria used (ie... GLA, distance, time, age, ect....)
      - ✓ Explain the results of the search (ie... GLA range, number of sales found, sales price range, ect....) then explain how the selections of sales were filtered.
    - If the subject or any of the comparables are bank owned or short sales, please provide comments making such known, and provide support for their use. Analyze and report the impact these sales have on the market o Comment explicitly on changes in the appraised value from previous sale prices of the subject, particularly changes that don't match market trends.
- **PUD (Planned Area Development)**

When the subject is in a PUD, the appraisal MUST contain the following:

    - Legal name of PUD
    - HOA dues and assessments
    - Description of common elements and condition of amenities for the subject community and the comparable sales community.
    - Photos of common elements (mandatory requirement).
    - Address how the subject's development compares in its amenities and costs to surrounding (comparable sales) PUD developments.

- When using non-PUD comparable provide an analysis to support the inclusion of non-PUD comparable sales, and address the impact the subject's deed restriction may have on its marketability and value compared with the non-PUD comparable sales.

- **Improvements:**

- 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."
- Clear, descriptive, original photos must be taken by the appraiser and all photos must be appropriately labeled.

Photo Requirements - Do not include people or pictures of people in your photographs.

- **Subject's Exterior**

- Front and rear at opposite angles to show all sides of the dwelling.
- Improvements with Contributory Value not captured in the front or rear photograph.
- Two street scene photo to include a portion of the subject site one from each direction.
- Photos of all unattached buildings.
- New Construction, include photographs that depict the subject's grade and drainage.
- For Proposed Construction, a photograph that shows the grade of the vacant lot.

- **Subject's Interior**

- All kitchens, all bathrooms, all bedrooms, and all main living areas.
- Any other rooms representing overall condition.
- Basement, attic and crawl space.
- Recent updates, such as restoration, remodeling and renovation.
- For two-to-four unit properties, also include photos of hallways, foyers, laundry rooms and other common areas.

- **Comparable Sales, Listings, Pending Sales, Rentals, etc.**

- Front view of each comparable utilized.
- Photos taken at an angle to depict both the front and the side when possible.
- Multiple Listing Service (MLS) photos are acceptable to exhibit comparable condition at the time of sale. However, appraisers must include their own photographs as well, to document compliance. The appraiser must provide a specific explanation as to why the original photos could not be used (e.g. unable to reach property because of documentable weather conditions, property located in a gated community, property view was obstructed). The appraiser must provide photos of the obstruction on the original comparable sales photo page.

- **Subject Deficiencies**

- Provide photos of any evidence of deferred maintenance (interior and exterior).
- Photographs of the deficiency or condition requiring inspection or repair of the Condominium Projects.
- Additional photographs of the common areas and shared amenities of the Condominium Projects and PUD's.

### Condition Reporting

- If a property is deemed below average (C5-C6), state what repairs are needed to attain at minimum a C4 rating. Report should be marked “Subject To” completion.
- For conventional loans confirm that property is livable by testing utilities/systems as follows: Test if the electricity and water are on by testing at least 1 fixture during inspection. Determine if the heating system is functioning (feeling warm air from registers, warm radiators, or temperature significantly higher inside the home than out is considered adequate). This is not to be confused with a building inspector’s inspection or an FHA style inspection; this is simply to determine if the systems are functioning in a general sense and if the property is livable. Please comment upon these inspections in the report, and if said systems are not on make the report “subject to” inspection with such systems functioning. Follow HUD handbooks for interior inspection on FHA/USDA loans.
- Remember: All photographs must be clear, descriptive and originals taken by the appraiser at the time of inspection. In rare cases, copies of photographs may be accepted provided they are from the appraiser’s files and are clear and descriptive. Also the appraiser must comment in the report that he/she drove by the comparable sale to verify existence and no significant changes.
- Final or Appraisal Update photos: New exterior and street photos required. Additional photos are required of items of which the “subject-to condition” was placed upon.

### Aerial Photos and Maps

- Appraisal addenda must include an aerial photo of the subject property and immediate neighborhood from a reliable source (e.g. Google Maps). This provides a better understanding of the subject property’s location and neighborhood and helps to ensure that no external information goes unnoticed that could affect value or marketability of the property (e.g. the property is near a nuclear power plant, rail road, or airport).
  - Aerial photo should be of sufficient scale to show the subject property and immediate neighborhood and any external obsolescence.
  - Appraisal addenda must include a location map, which must identify the location of the subject property and all comparable sales analyzed, also including listings and rentals as applicable.
  - Appraisal addenda should include a plat map with the subject site identified and the site detentions.
  - Appraisal addenda should include the Flood map (if the subject property is in a flood zone) and the subject property location must be identified on the map.

### Calculation Requirements

- Appraisers are required to perform the following calculations for all mortgage loan applications.
  - To prove the most accurate depiction of the *Months of Housing Supply* as of the effective date of the appraisal, the *Total # of Comparable Active Listings* should be based upon a specific point in time. For Example:
    - ✓ When completing the *Current – 3 Months* column for *Total # of Comparable Active Listings*, the number should reflect the listings on the most recent date in the 3-month period – which is also the effective date of the appraisal – and not the cumulative number of listings for the entire 3-month period.
    - ✓ Then, when completing the *Months of Housing Supply*, the number for the *Total # of Comparable Active Listings* is divided by the absorption rate, which provides an accurate depiction of the existing housing stock as of the effective date of the appraisal.

- If data is available for the previous time periods, such as *Prior 4 – 6 Months* and *Prior 7 – 12 Months*, the *Total # of Comparable Active Listings* should be based on the most recent days in each of those time periods. For Example:
  - ✓ In the *Prior 4 – 6 Months* column, the *Total # of Comparable Active Listings* should reflect the listings on the last (most recent) day in that period.
  - ✓ In the *Prior 7 – 12 Months*, the *Total # of Comparable Active Listings* should reflect the listings on the last (most recent) day in that period.

#### Cost Approach

- The cost approach is not required on any orders unless explicitly stated or required by Fannie Mae or HUD guidelines, or if the appraiser considers its use necessary to credible assignment results.
  - If cost approach has been completed the following statement must be included in the cost approach.  
***“This appraisal is not to be used by any party for Insurances purposes.”***
- 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.

#### Accessory Units and Second Kitchens

- A single-family home may contain an accessory dwelling unit (ADU), also referred to as a "mother-in-law unit" or "guest apartment." ADUs are self-contained living units (including a private bath and kitchen) that have their own direct access from the outside. An ADU can be either attached or detached and above or below grade. ADUs should only be included in the GLA if they are attached and have direct interior access.
- ADUs with only exterior access only are to be reported, and valued, separately from GLA.
- An attached non-permitted second unit (Guest Unit or ADU) should not be valued but the area should be included in the area calculations as if the kitchen components have been removed. The report should be "as is" as long as the appraiser describes the functional obsolescence for the cost of removing the kitchen and returning the structure to its original state. A detached non-permitted second unit (Guest unit or ADU) should not be valued unless the appraiser can find similar non-permitted units to demonstrate the acceptance of the non-permitted unit in the market and zoning does not prohibit a second unit (e.g., illegal use).
- If the Highest and Best used resembles a multifamily dwelling, then subject property must be completed on the 1025 form regardless of the current use.
- Guidance for non-permitted second kitchen:
  - Non-permitted second kitchens do not have to be removed unless as it stands provides a health or safety issue or is not allowed per zoning (i.e., illegal use).
- For a single-family home where the non-permitted second kitchen is allowed by zoning and is not a health or safety issue;
  - A non-permitted second kitchen should not be valued but the area should be included in the appropriate area calculations (GLA, Basement or other living area) as if the kitchen components have been removed.
- The report should be "as is" as long as the appraiser describes the functional obsolescence for the cost of removing the kitchen and returning the structure to its original state; However, the non-permitted second kitchen can be valued in its "as is" state without functional obsolescence if the appraiser can find two comparable sales with similar non-permitted kitchens to demonstrate market acceptance.

### Solar Panel Requirements

- Solar Panels must be owned by the homeowner if they are included in value. If the solar panels are leased, then the solar panels may NOT be included in value. (Many home owners are under the assumption that the panels are owned when there are in-fact leased. The appraiser is required to complete his/her due diligence and verify ownership).

### Field Reviews

- Comp photos are required on all field reviews. A clear, descriptive, appropriately identified photograph that shows the front of each comparable sale used must be included in the review.

### Required Commentary in all reports:

Please include the below comment(s) in the appraisal as the first comments of the Addendum.

- **AIR: (Appraiser Independence Requirement)**  
*No, employee, director, officer or agent of the lender, or any other third party acting as a joint venture partner, independent contractor, appraisal management company, or partner on behalf of the lender has influenced or attempted to influence the development, reporting, result or review of this assignment through coercion, extortion, collusion, compensation, instruction, inducement, intimidation, bribery or in any other manner. I have not been contacted by anyone other than the intended user (lender/client as identified on the first page of the report), borrower, or designated contact to make an appointment to enter the property. I agree to immediately report any unauthorized contacts either personally by phone or electronically to Guaranteed Rate / Appraisal Desk.*
- **FIRREA Certification Statement:**  
*The appraiser certifies and agrees that this appraisal was prepared in accordance with the requirements of Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA) of 1989, as amended (12 U.S.C. 331 et seq.), and any applicable implementing regulations in effect at the time the appraiser signs the appraisal certification. USPAP prior service disclosure statement: • I (have / have not ) performed no (or the specified date and service) other services, as an appraiser or in any other capacity, regarding the property that is the subject of the work under review within the three-year period immediately preceding acceptance of this assignment.*
- **USPAP prior services disclosure statement**  
*I (have / have not) performed no (or the specified date and service) other services, as an appraiser or in any other capacity, regarding the property that is the subject of the work under review within the three-year period immediately preceding acceptance of this assignment.*

### Report Revisions

- The appraiser must change the signature date on the revised appraisal report.
- The appraiser must state in the report what the requested revision(s) was/were
- The appraiser must comment on the changes made to the report



## STATE SPECIFIC REQUIREMENTS

### **ARIZONA / Fee Disclosure**

An Arizona statute (HB 2778) requires that the AMC fee paid to the appraiser be disclosed in the appraisal report.

### **CALIFORNIA / Carbon Monoxide Detectors**

A California statute requires that all 1-4 unit residential properties with either a fireplace, gas/oil burning appliance, or attached garage have working carbon monoxide (CO) detector(s). Although there is no language in the statute requiring the appraiser or lender to verify or enforce this, many lenders and investors are requiring that the appraiser verify that at least one CO detector is installed in the Subject property. (Photos required)

### **CALIFORNIA / 'Double Strapped' Hot Water Tank**

A California statute requires that all hot water tanks be 'double strapped'. Although there is no language in the statute requiring the appraiser or lender to verify or enforce this, many lenders and investors are requiring that appraisers verify whether hot water tanks are 'double strapped'. (Photos required).

### **COLORADO / Fee Disclosure**

A Colorado statute (HB 12-1110) requires that the AMC fee paid to the appraiser be disclosed in the appraisal report.

### **HAWAII / Big Island ONLY / Lava Flow Hazard Zones 1 or 2**

Properties located in Lava Flow Hazard Zone 1 or 2 on the Big Island of Hawaii are NOT eligible for FNMA financing. If the Subject is located in one of these zones, Stop and Notify so that we can inform the Client.

### **ILLINOIS / Client, Intended User, & Fee Disclosure**

The Illinois State Appraisal Board requires the following disclosures to be provided in the narrative or certifications for each assignment:

- Identify the AMC as the Client.
- Identify the Lender as an intended user.
- Disclose the AMC fee paid to the appraiser.

### **KENTUCKY / AMC Name, Registration #, & Fee Disclosure**

The Kentucky Real Estate Appraiser Board requires the following disclosures to be provided in each appraisal report ordered by an AMC:

- Name of the AMC on file with the appraisal board.
- AMC registration # that is on file with the appraisal board.
- Disclose the AMC fee paid to the appraiser.

### **LOUISIANA / Fee Disclosure**

A Louisiana statute (HB 1014) requires that the AMC fee paid to the appraiser be disclosed in the appraisal report.

### **MONTANA / AMC Registration Number**

A Montana statute (HB 0188) requires that the AMC's approved registration # be disclosed in the appraisal report.



### **NEVADA / Fee Disclosure**

A Nevada statute (NAC 645C.389) requires that both the AMC fee paid to the appraiser AND the fee retained by the AMC be disclosed in the appraisal report.

### **NEW MEXICO / Fee Disclosure**

A New Mexico administrative code (16.65.2.12 NMAC) requires that both the AMC fee paid to the appraiser AND the fee retained by the AMC be disclosed in the appraisal report.

### **UTAH / Fee Disclosure**

A Utah administrative code (R162-2e-304) requires that both the AMC fee paid to the appraiser AND the fee retained by the AMC be disclosed in the appraisal report.

### **VERMONT / AMC Registration # & Fee Disclosure**

A Vermont statute (HB 420) requires that the AMC's approved registration # and the fee paid to the appraiser be disclosed in the appraisal report adjacent to or below the AMC Name. Please report the AMC name, AMC registration # and fee in commentary.

### **VIRGINIA / Fee Disclosure**

A Code of Virginia (54.1-2011) requires that the AMC fee paid to the appraiser be disclosed in the appraisal report.

### **Hold completion 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 **single wide** manufactured home, not to be confused with a modular home. The subject MUST have more than one section, see below specifications for Manufactured Homes. If the subject is a single wide or a leasehold property please contact the Guaranteed Rate Appraisal Desk and mark the order on HOLD.
- If the subject property is a Modular home (Trailer home) the order MUST be put on HOLD and the Guaranteed Rate Appraisal Desk MUST be notified.
- The current and or highest and best use of the subject is other than residential or different from indicated in the engagement letter. 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.

### **Manufactured Homes**

The Appraiser must have had prior experience developing appraisal reports on Manufactured housing. IF the appraiser has not had practical experience completing appraisal reports on Manufactured housing using the FNMA form 1004C please contact Guaranteed Rate Appraisal Desk prior to proceeding.

Traditional appraisal data sources may not provide sufficient quality Manufactured Home data for the appraiser to develop a supportable and well-documented appraisal. Although the Multiple Listing Service and public records

information remain an important source of data, the appraiser must develop other sources such as Manufactured Home retailers and builders experienced in the installation of Manufactured Homes. The N.A.D.A. Manufactured Housing Appraisal Guide® and Marshall & Swift® Residential Cost Handbook may also be used to provide support for the Reporting Requirements appraiser's quality adjustments and value conclusions.

### **Manufactured Home Reporting Requirements**

- The subject MUST have more than one section. If the subject is a single wide or a leasehold property please contact the Guaranteed Rate Appraisal Desk and hold.
- Has the subject property met the State and Local requirements for installation of Manufactured housing.
- The subject property must be permanently affixed to the foundation
- Provide a copy of the manufacture's invoice and the Manufactured Purchase agreement when:
  - A. The Manufactured Home is a new Manufactured Home and the transaction is a purchase transaction.
  - B. The Mortgage is a Construction Conversion Mortgage and the transaction is either a purchase transaction or "no cash-out" refinance transaction.
- In addition to the standard photo requirements the Appraiser must provide the additional photos of: All Hud Tags, Manufactures Certification page, Crawl space, Photo of access to crawl space, Proof the wheels, axel's and towing tongue have been removed.
- Report MUST contain a minimum of 2 comparable sales that are manufactured housing.
- Report on: Condition of the crawl space (Moisture, Debris, ventilation) Skirting must be secured to the dwelling
- If the Manufactured Home was installed prior to October 20 2008, appraiser to provide evidence that the anchoring system complies with the manufacturer's design or a design by a licensed (registered) professional engineer
- If the subject is on a private road; analyze and report the road maintenance agreement
- Report on any additions or structural modifications. If found to be present provide evidence of approval by licensed engineer or the local state or federal authority.
- Appraiser to validate if the subject site is the original installation site of the manufactured home.

**Failing to alert Guaranteed Rate and completing the written report when conditions such as these exist can result in a reduced fee or no fee for the assignment. Therefore, it is critical to contact us prior to the completion of the assignment when encountering any of the above issues.**

### **Warning & Removal Policy**

Guaranteed Rate holds its appraisers in high regard and continues to work with appraisers who share our professional values and expectations. Our values and expectations center around compliance with law, regulations, and industry guidelines coupled with a high-quality work product, delivered in a timely manner, with a courteous and professional attitude. In the event these expectations are not met; Guaranteed Rate has a Warning and Removal Policy to prevent the recurrence of unsatisfactory performance.

Guaranteed Rate will track and record unsatisfactory performance. Unsatisfactory performance can arise from a number of administrative situations such as late delivery without proper communication, reoccurring delayed response to revision/status requests, non-compliance or violation of applicable law, unsatisfactory communication, quality errors in a report, and unprofessional conduct. Unsatisfactory performance shall never arise out of value related scenarios.

If Guaranteed Rate managements determines that an appraiser has illustrated a pattern of unsatisfactory service, a written warning letter will be sent via email. The warning letter will describe the pattern of unsatisfactory service and will provide examples. If the appraiser does not correct the issue and the pattern continues or if the appraiser has acted with unacceptable disregard for the appraisal process, the Appraisal Desk Manager will present the information to Senior Management who will determine if removal from the approved panel is appropriate. In the instance that Senior Management deems the appraisers service level to be unacceptable, a written removal letter will be sent to the appraiser in accordance with federal and state rules and regulations as appropriate. The appraiser will have thirty days to rebut the allegations presented in the removal letter by providing a written response containing factual evidence to Guaranteed Rate’s Senior Management. Senior Management will review the rebuttal and provide formal notification of its decision within thirty days of receipt.

Below are examples of reasons an appraiser may be removed from our panel; not inclusive of all reasons:

- Illegal or unprofessional conduct
- A violation of the Uniform Standards of Professional Appraisal Practice or State Certification/Licensing Standards
- Not maintaining the qualifications necessary to be included on our approved panel
- A breach of the Guaranteed Rate Independent Contractor Appraisal Service Agreement
- Being placed on an Investor Ineligible Roster

In compliance with Dodd-Frank, Guaranteed Rate must report removal of an appraiser from our panel for misrepresentation, fraud, gross negligence, or unethical behavior, to the appropriate State Board. Accordingly, if a Guaranteed Rate appraiser experiences any undue influence or pressure, he/she is to notify Guaranteed Rate immediately by sending an email to the Guaranteed Rate Independence Hotline Email: [independence@GuaranteedRate.com](mailto:independence@GuaranteedRate.com). Objectivity will remain the foundation of our process.

**Guaranteed Rate, Inc. 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 Guaranteed Rate, you are hereby agreeing to the terms and conditions for this assignment.**

***THE FOLLOWING PAGES APPLY TO FHA ASIGNMENTS ONLY***  
**ADDITIONAL SCOPE OF WORK & REMINDERS FOR FHA ASIGNMENTS**

- FHA Number must be at the top right hand corner **after the “File #”** field of “ALL” pages of your report.
- An affirmative statement that “The subject property meets all FHA Requirements in Handbook 4000.1” is required or the appraisal must be completed “Subject to Repairs” to bring it to Average or Better Condition and so that the property will in fact meet FHA Minimum Property Standards.
- HUD INTENDED USE & USER STATEMENT REQUIRED - Appraiser must state that the lender client and FHA/HUD is the intended user.
- Appraiser **MUST** state in the report that the appraiser has tested all of the Mechanical Systems and found them to be in working order; or outline any issues found. The appraiser **MUST** inspect the Attic & Crawl space

when applicable. Description of attic is required and photos would be recommended on all FHA appraisals completed for FHA financing. Photos of any damage noted are required with a detailed explanation.

- The appraiser MUST state in the report they have completed at a minimum the “head and shoulders inspection of the (attic area and/or crawl space)”. This is a requirement as per the HUD handbook 4000.1; page489; section k.

**k. Attic Observation Requirements**

The Appraiser must observe the interiors of all attic spaces.

The Appraiser is not required to disturb insulation, move personal items, furniture, equipment or debris that obstructs access or visibility. If unable to view the area safely in their entirety, the Appraiser must contact the Mortgagee and reschedule a time when a complete visual observation can be performed, or complete the appraisal subject to inspection by a qualified third party. In cases where access through a scuttle is limited and the Appraiser cannot fully enter the attic, the insertion of at least the head and shoulders of the Appraiser will suffice.

If there is evidence of a deficient condition (such as a water-stained ceiling, insufficient ventilation, or smell of mold), the Appraiser must report this condition, and render the appraisal subject to inspection and repairs if necessary.

If there is no access or scuttle, the Appraiser must report the lack of accessibility to the area in the appraisal report. There is no requirement to cut open walls, ceilings or floors.

An observation performed in accordance with these guidelines is visual and is not technically exhaustive.

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Handbook 4000.1 489  
Effective Date: 09/14/2015 | Last Revised: 09/30/2015  
\*Refer to the [online version](#) of SF Handbook 4000.1 for specific sections' effective dates

Improvements Section

- The Appraiser must note appliances present in the house at the time of observation and indicate whether that appliance is considered Personal Property or Real Property. The Appraiser must operate all conveyed appliances and observe their performance. The Appraiser must notify the Mortgagee of the deficiency of MPR or MPS if any conveyed appliances are inoperable.
- Appliances: The appraiser should identify the present appliances by using and “X” for the appliances considered to be real estate and the letter “P” if the appliance is conveyed appliance and deemed to be personal property.

Water, Wells, Septic and Sewage Systems

For FHA appraisals on properties with private well and septic the Client requires that the appraiser indicate on the sketch the distance between the:

1. Well & Septic tank
2. Well & septic tank & drain field.

*If any of this information was not available, please explain.*

- Water, well, septic and sewage systems must meet community standards, be adequate, be in service and be accepted by area residences.
- If Public water and /or sewage facilities are not available, then private well and septic facilities must be available and utilized by the subject property. The private facilities must be viable and adequate to service the subject property.
- Generally, the private well and septic facilities must be located on the subject property site. However, off-site private facilities are acceptable if the inhabitants of the subject property have the right to use and access the off-site facilities and there is an adequate, legally binding agreement for use, access and maintenance.
- The appraiser must comment when the viability, adequacy or market acceptance of or access to the well and septic facilities are an issue. If not an issue, the appraiser should demonstrate market acceptance by selecting comparable sales (sales, listings, rentals) with same/similar characteristics.
- When the Subject has a private well or septic, commentary is required stating whether or not Public Utility(s) connection is available to the Subject Site. If 'Yes', the following are required:
  - 1)** An estimated cost-to-cure AND **2)** Name(s) and phone number(s) of the data source(s). If any of this information is not available, describe the attempt made to obtain the information.

#### Builders Certification (92541 form)

**STOP and notify** the client prior to inspection on a new construction or proposed construction on a FHA order if the appraiser has not received the 92541 form.

- The appraiser must receive a fully executed form HUD-92541 before performing the appraisal on proposed or under construction properties less than one-year-old and never occupied. The appraiser must review Item One (Site Analysis Information) and note in the appraisal report any discrepancies between the information in Item One (Site Analysis Information) and the actual conditions observed on site. The appraiser must take into consideration the effects of any site conditions on the value of the property.
- The appraiser must state in the report: 1) That a signed HUD-92541, dated prior to the inspection, was reviewed prior to the inspection and 2) Weather or not there were any discrepancies between the description provided in Item #One (Site Analysis Information) and the actual site conditions.

*Note: The 92541 form must be dated PRIOR TO the date of the inspection and must be reviewed BEFORE performing the inspection for proposed or under construction properties.*

*Note: This is a reminder that the 'Date of Inspection' located at the top right of the 92541 form is the Effective Date of the compliance inspection and must follow the Effective Date of the original inspection.*

#### Site Condominiums:

A site condominium is defined as a single family, totally detached dwelling (no shared garages or any other attached buildings) encumbered by a declaration of condominium covenants or condominium form of ownership. The appraiser must adhere to the following guidelines when completing an appraisal for a site Condo (Detached Condominium):

- FHA/VA is to be completed on form FNMA1073/FHLMC 465 Non-FHA/Non-VA may also be completed on FNMA 1004/FHLMC 70 when the appraiser includes an adequate description of the project and information about the homeowners' association fees and the quality of the project maintenance.
- Required information when form 1073/465 not used: Leave the checkbox blank adjacent to PUD. Then provide: The total number of units, the number of units completed, and number of units sold / Description of what comprises the common areas / The name of the HOA, Management Group or builder if in control of HOA / Does any single entity own more than 10% of the units in the project? / Are any common elements

leased to or by the HOA? / Is the project adequately maintained? / What is the HOA fee and what does it cover?

Certificate of Completion / 1004D:

- Describe ALL improvements completed or not completed
- Provide photos of each item (completed or not completed)
- Address how the subject now meets HUD minimum property standards.

Failing to alert Guaranteed Rate and completing the written report when conditions such as these exist can result in a reduced fee or no fee for the assignment. Therefore, it is critical to contact us prior to the completion of the assignment when encountering any of the above issues.

**Guaranteed Rate, Inc. 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 Guaranteed Rate, you are hereby agreeing to the terms and conditions for this assignment.**