



APPRAISER CERTIFICATION OF TERMS AND STANDARDS OF ENGAGEMENT

Standard Appraisal Engagement Instructions

1. Order Requirements:

All reports are due on Due Date indicated on appraisal order unless ARMOR Inc. (ARMOR) is notified of an acceptable delay, in which case, ARMOR will modify the Due Date. Final Appraisal Reports are expected within 2 business days of inspection, unless prior arrangements have been made.

All reports are to be sent in PDF and XML format and UAD compliant via ARMOR's Portal (Portal). If you no longer have your username and password, please notify us and we will send it to you.

An appraisal order must be accepted and borrower/home owner must be contacted within 24 hours of assignment. As soon as it is known, please update the Portal with the scheduled date/time of the inspection. Any delays, unusual circumstances, or problems should be communicated to ARMOR immediately via our Portal.

All corrections/request for revisions are requested to be completed within 4 hours from initial notification. Status updates via the portal are required for every open order. This order, and all services you perform as a result of this order, are deemed confidential and should be discussed with only our staff.

DO NOT DISCUSS APPRAISAL FEE WITH THE BORROWER. Direct these questions to ARMOR.

The appraisal may only be performed and signed for by the appraiser assigned via the Portal. If your company profile is set up with multiple appraisers, the appraiser completing the report must have ALL of their information on the profile (i.e., license, resume, E&O). All appraisals must be performed by an appraiser certified under appropriate laws and FHA approved if the order is for an FHA loan.

Appraisers are **NEVER** responsible to pick up any fee at the door. Do not accept payment for the appraisal by any party other than us.

DO NOT ATTACH YOUR INVOICE TO THE APPRAISAL REPORT OR IT WILL BE REJECTED. If you desire to send us an invoice, please email as a separate PDF file to ARMOR or upload it as a separate PDF on our Portal. However, sending ARMOR an invoice is unnecessary as ARMOR's software generates appraiser invoices for each file based on the fee agreed to.

Please include your license, E&O and resume to each report.

The Lender/Client name and address must match the Lender name and address provided on this Order Form. In some cases the lender will differ from our client. If there are special instructions indicating to put the lender/client as a specific company, please make sure this is done before uploading your final report. If the Borrower name or Subject Property Address on your appraisal report differ at all from those provided on this Order form, add a comment in the addendum that identifies the difference and explains the sources used for the correct name and/or address.

The actual Owner of Public Record must be clearly displayed. Do not state "Same as Borrower".

2. Lender Requirements:

Three comparable sales are required and must have closed within the last 90 days.

At least two current listings or pending sales must be provided.

If you are unable to provide three comparable sales within 90 days, then you may use two sales within the last 90 days and three current listings or pending sales with explanation.

If you are unable to provide any sales within 90 days, please add direct verbiage of your attempt to find sales within 90 days and why you were unable to provide them.

Any time a comparable is used that exceeds 6 months, the appraiser needs to state that it was utilized because it was the best available due to a minimum number of good comps in the area.

For listings or pendings, make appropriate adjustments for a typical list-to-sale price ratio in your area corresponding with the information in your 1004MC.

If location is marked as Urban and any of the comparables exceed five miles or marked as Suburban/Rural and any of the comparables exceed five miles, please add a comment advising why it was necessary to go farther than typical.

The gross living area of the subject should be bracketed by your comparables. Also, the estimated value of subject should be bracketed by the actual sales price and the adjusted sales prices of the comparable sales used.

In case of adjustments exceeding the recommended Fannie Mae guidelines for any comparables used, please add a comment advising why it was necessary.

In case of large age differences between the subject and comparables, please comment.

Verification of comparable sales with a reliable party that is not associated with the subject property or the subject property's development, and at least two comparables, must be verified through the Multiple Listing Service (MLS) as arms-length transactions.

Day-on-market (DOM) for subject and comparable sales must be provided, if applicable. The average days on- market for the comparable sales should not exceed the "Marketing Time" box marked by the appraiser, if possible.

Provide a 12-month listing history for the property. Frequent listings and/or sales require explanation on each occurrence or listing and should include the data sources(s), offering prices, date(s), and any further evaluation that may indicate "flipping."

The presence of any detrimental condition, such as infestations or expansive soils, must be noted by the appraiser and considered in estimating the value and marketability of the property.

- A. If applicable, the appraiser must note and address the presence of: Hazardous wastes, such as toxic substances, asbestos containing materials, urea-formaldehyde insulation, or radon gas, or
- B. Adverse physical influence, such as railroad tracks, freeways, airport flight paths, shopping centers, and commercial businesses.

Appraise all acres unless otherwise specified.

Complete all appraisals "as is" unless otherwise specified.

If property is in a PUD, appraiser to provide the subjects PUD common elements and amenities, and compare them to those of the PUD developments of the comparables. If the comparables are not in a PUD, appraiser is to provide comments supporting their use as a comparable. This is required regardless of who controls the Homeowners Association and whether the units in the PUD are attached, detached, or both.

FHA REPORTS:

- A. Must be completed by a FHA Certified appraiser;
- B. The appraisal report must be made As-Is. If repairs are necessary then in the Addendum please provide an itemized list of repairs with an estimated cost to cure each repair, total repair cost, and the subject's As Repaired value. Reports made Subject-To are only allowed if property conditions represent a risk to the health and safety of the occupants or the structural soundness of the property as outlined in HUD Mortgagee Letter 2005 ML-48;
- C. The FHA Case # must be shown on ALL pages at the top of the appraisal report PDF; and

D. Explain whether or not the subject conforms to HUD minimum standards. If the subject has an attic or crawl space, a head and shoulders inspection must be made with a photo taken of the area. **If the property is in FLOOD ZONE include itemized replacement cost of all detached structures (this is a new investor requirements). If occupancy is non-owner occupied please provide a rent schedule form 1007. The fee to be paid to appraiser for providing a rent schedule form 1007 is \$50.00**

USDA REPORTS: Do not require a Case Number, but do require direct verbiage indicating the property meets minimum property standards per HUD Handbook 4000.1.

THE FOLLIWNG VERBIAGE IS TO BE ON ALL FHA AND USDA/RHS APPRAISALS EXACTLY AS STATED BELOW IN BOLD FONT ON YOUR REPORT:

1. **AT THE TIME OF THE INSPECTION ALL MECHANICAL, ELECTRICAL AND PLUMBING SYSTEMS WERE ON AND IN WORKING ORDER AT TIME OF INSPECTION.**
2. **THE PROPERTY MEETS THE REQUIEIMENTS OF HUD HANDBOOKS 4000.01 AND ALL APPLICABLE MORTGAGEE LETTERS.**
3. **A HEAD AND SHOULDER INSPECTION OF THE ATTIC WAS PERFORMED.**

NON-FHA REPORTS: The appraisal report must be made As-Is. If repairs are necessary then in the Addendum please provide an itemized list of repairs with an estimated cost to cure each repair, total repair cost, and the subject's As Repaired value.

COST APPROACH: Must be completed for 1004, 1004C, and 1025 appraisals including the Remaining Economic Life. If you exclude it, please provide detailed comments as to why. Please note that "because Fannie Mae doesn't require it" is not a valid reason for its exclusion. However, site value and remaining economic life are required at minimum. If the Opinion of Site Value is over 30% of the Opinion of Market Value, a comment should be added to the addendum explaining if this is Common for the area. **PURCHASE TRANSACTIONS:** The appraiser must review a copy of the Purchase Contract and all addenda so he or she can take into account any unusual or excessive sales contributions or concessions. Any amendments or adjustments after the appraisal is complete must be supplied to the appraiser for review.

NEW PROJECTS/DEVELOPMENTS: The sales office must be contacted prior to inspection. The appraiser must use at least one current sale from the subject builder/developer in the project, and either: One current sale from a competing builder/developer or a resale from within the subject property's development that has closed within the last 30 days. The appraiser may need to rely solely on the builder of the property they are appraising to provide comparable sales data, as this data may not yet be available USPAP, and include his license number.

SUBJECT FEES: Real estate taxes reported must be from the current year. If the subject has SID/LID fees, they must be report in the Special Assessments section of the report. **GATED COMMUNITIES:** If the subject is located in a gated community, the "Private Road" box must be

checked and a comment made as to whether or not the roads are maintained by the HOA. **FINANCIAL DATA AND SALES CONCESSIONS:** The appraiser must state the total dollar amount of the loan charges and/or concessions that will be paid. Appraiser should comment on any interested-party contributions, concessions, or builder incentives that are unusual or excessive and the impact, if any, to the sales price.

LOCATION MAP: A street map that shows the location of the subject property and all comparables (including sale, rental, and listing comparables, as applicable)

SITE MAP: A site/plat map of the subject must be included.

SKETCH: A sketch with room layout, exterior dimensions, and the appraiser's calculations of the gross living area must be included with all interior appraisals. The bedroom and bathroom count on the sketch must match the appraisal report. For condominiums, the sketch must indicate interior perimeter unit dimensions rather than exterior. For 2-4 Unit Properties, the sketch must include each unit layout and entries, and indicate the square feet of living area per unit and gross living area of the building. If the subject has any outbuildings such as a shed, barn, etc., exterior improvements such as a patio, covered patio, pool etc., they must be demonstrated on the sketch. If the subject has a basement, it must be included on the sketch with any rooms in the area labeled and the sump pump location. If a property has well and/or septic, propane/oil tank, the approximate location of these items should also be shown on the sketch. A building sketch is not required for 1075, 2055, and 2095 reports.

GROSS LIVING AREA: Only finished above-grade areas should be counted; garages and basements should not be included. A level is considered to be below-grade if any portion is below ground. Rooms that are not included in the above-grade count may add value to the property. Basements and other partially below-grade areas should be reported separately and make appropriate adjustments for them in the Sales Comparison Approach section.

ZONING: In addition to showing alpha or numeric indications (for example, single family for R-1), the zoning classification must be described. The appraiser must include specific information if the improvements do not represent a legal, conforming use of the land. In case of No Zoning, the appraisal must indicate the property is not zoned and that not being zoned is typical for the area and comment if the property is destroyed it can or cannot be rebuilt. In case of legal non-forming use, the appraiser must confirm the ability to rebuild in the event of full or partial destruction, citing the specific source of the data. A "rebuild letter" is also acceptable.

SECURITY BARS: Comment with respect to the use of burglar or security bars. There must be an emergency release latch for at least one window in each bedroom where the security bars are located, unless local or municipal codes state otherwise. Provide photo of safety release latches.

WELL/SEPTIC: If the subject has a well or septic system, explain in the addendum if these are typical for the area and if there is an available connection to public or community water/sewer systems. The distance of these items but also be stated or reflected on the sketch.

DISASTER ADDENDUM: If you are appraising a property in a FEMA declared disaster area, please add an addendum stating “the subject property is in marketable condition and that there are no repairs needed or detrimental conditions to the subject property and/or surrounding areas due to the recent TORNADOS/HAIL STORMS/ FLOODINGS/WILDFIRES” as appropriate. For a 2075 report, this comment is often required.

If the appraiser is unable to meet any of the above requirements, the appraiser must provide a detailed explanation as to why the requirements were not met within the appraisal report, and if it resulted in making an adjustment to the property value.

JUMBO REQUIREMENTS:

- **Appraisal Compliance:** All appraisals must meet the Uniform Appraisal Data (UAD) set requirements.
- **Photographs:** For properties with values in excess of \$1 million, in addition to standard interior and exterior photos, descriptive photos of unique or specific features are required.
 - Comparable Sales: Clear, descriptive color photos or electronic images of the front of all comparables.
 - Copies of photographs from MLS are allowed with an explanation of why originals are not available.
 - Appraiser should include photos of all pertinent fixtures and significant improvements of the interior.

3. Photo Requirements

Exterior photos of subject: Subject front, rear, and street scene are required unless the product ordered is a drive by appraisal type, in which case subject front and street scene only are required.

Interior photos of subject: Interior pictures of **all rooms** are required and must, at a minimum, include: the kitchen, all bathrooms, all bedrooms, main living area, backyard and garage among the standard photos on all ARMR appraisals. Pictures shall also include examples of physical deterioration, if present, and examples of recent updates such as restoration, remodeling, and renovation, if present.

If repairs are required, photos of the damage/repairs needed **MUST** be provided.

Front photo of all comparables, listings, pending sales, and rentals are required.

FHA reports require photos of **ALL** sides of the subject property.

Include original photos of all comparable sales. MLS photos are acceptable if original photos are not available with included comment.

4. Stop and Contact Us immediately if:

If the transaction is a refinance and the subject property is currently listed for sale.

Subject property is non-residential, Condo-tel, Manufactured Home, mixed use, or under construction/renovation and not specified as such.

Design style is any of the following: earth home, mixed use property, geodesic dome, floating home, working farm, manufactured or mobile housing, or modular home.

Subject property is in poor condition or not habitable for year-round use, take photos.

Subject property suffers from adverse environmental issues.

Subject property's highest and best use is not its current use or current use is non-compliant with Zoning or highest and best use is commercial.

Subject property is undergoing a parcel split.

Subject property is extremely atypical for the area, take pictures

Subject property is non-owner occupied or indicated as an investment property and a 1007/216 has not been requested.

APPRAISERS MUST DECLINE THE ASSIGNMENT IN THE EVENT THE APPRAISER IS NOT GEOGRAPHICALLY COMPETENT OR IF THE ASSIGNMENT FALLS OUTSIDE THE APPRAISER'S SCOPE OF PRACTICE RESTRICTIONS.

By Clicking the Accept link, you are agreeing to this engagement letter, the fee's disclosed, to the delivery times disclosed and that you are geographically competent in this area. Partial Reports will not be paid.

Please review our policies for payments.

If you have any questions please email ARMOR at info@armrappraisals.com. If on site or if it is an emergency, please contact ARMOR at 1(888) 891-9935 or by email info@armrappraisals.com.