

**Direct Endorsement
Post-Endorsement
Technical Review Checklist**

**U.S. Department of Housing
and Urban Development
Office of Housing
Federal Housing Commissioner**

FHA Case Number: _____

Appraiser's Name: _____

Property Address: _____

Valuation Review (URAR) Checklist

Please read instructions before completing this form

1. Subject Property

V01 Limiting conditions, appraiser certification, or HUD definition of market were not provided.

V02 PUD/Condo is not HUD-approved, or if approved, list approval number _____.

V03 Legal description omitted, or incomplete on the URAR.

V04 A mixed use property with more than the allowable commercial floor space.

Fair Poor Comments _____

Poor Check if one or more of the following significantly increased HUD's insurance risk. Describe below how HUD's risk was increased.

V05 Real property rights were not correctly identified. (PUD, Condo, Leasehold)

V06 Other Comments _____

2. Neighborhood

V09 Appraiser did not obtain enough information regarding unfavorable neighborhood influences as reported by the appraiser.

Fair Poor Comments _____

Poor Check if one or more of the following significantly increased HUD's insurance risk. Describe below how HUD's risk was increased.

V12 Unfavorable neighborhood influences on value as reported by the appraiser were not properly addressed by the appraiser.

V13 Other Comments _____

3. Site/Property Description

V16 Inappropriate repair conditions were listed in the report.

V17 No explanation on the attributes of the property that were rated below average or poor.

Fair Poor Comments _____

Poor Check if one or more of the following significantly increased HUD's insurance risk. Describe below how HUD's risk was increased.

V20 Failed to obtain FEMA Zone, Map Number and date.

V21 Failed to identify negative encumbrances which effected the value of the property (easements, etc.)

V22 Repair conditions which are evident in the photographs were overlooked.

V23 Type of water/sewer systems (private, public, or community) not identified.

V24 Did not identify that road was private.

V25 Property should have been rejected for mortgage insurance purposes because:

Comments _____

4. Cost Approach

V31 Failed to submit a copy of *Marshall and Swift* form 1007.

V32 The square foot calculation in the cost approach was not consistent with the gross living area shown in the sales comparison approach.

Fair Poor Comments _____

Poor Check if one or more of the following significantly increased HUD's insurance risk. Describe below how HUD's risk was increased.

V35 Square foot calculations of the improvements are incorrect. Correct calculations would have reduced value.

V36 Other Comments _____

5. Sales Comparison Analysis

V40 Comparables are located in dissimilar residential areas.

V41 Comparables are over six months old without explanation.

V42 Conventional comparable was not used, no explanation was provided.

V43 Comparables are insufficient because they are not bracketed to the subject, or no explanation was provided.

V44 Gross adjustments exceed 25% overall, 15% net, and 10% for an individual line item without explanation.

V45 Market value estimate failed to fall within the range indicated after adjustment.

Fair Poor Comments _____



Poor Check if one or more of the following significantly increased HUD's insurance risk. Describe below how HUD's risk was increased.

V48 Errors in calculations exist which affect the adjusted value of the comparables.

V49 Sales analysis did not include market supported or logical adjustments.

V50 Adjustments are inconsistent and without explanation.

V55 Other Comments _____

6. Income Approach (3 and 4 unit properties only)

Poor Check if one or more of the following significantly increased HUD's insurance risk. Describe below how HUD's risk was increased.

V60 Gross Market Rent and Gross Rent Multiplier were not adequately supported by data.

V61 Other Comments _____

7. Reconciliation of Value

Poor Check if one or more of the following significantly increased HUD's insurance risk. Describe below how HUD's Risk was increased.

V65 The exclusion of the usual approaches to value were not adequately explained by the appraiser.

V70 The wrong valuation approach was used.

V71 Appears that value was adjusted to meet sales price.

V72 Value conclusion is not supported.

V73 Appraiser's signature and ID number were omitted from the URAR.

V75 Other Comments _____

8. Other Requirements

V80 Map showing location of the subject property and comparables was not included in the report.

V81 Conditions comments on page 2 of URAR not consistent with required repairs on the valuation condition (VC) sheet.

V82 Photographs of the subject property and/or comparable property were omitted or not clear.

Fair Poor Comments _____

Poor Check if the following significantly increased HUD's insurance risk. Describe below how HUD's risk was increased.

V86 Other Comments _____

Additional Comments:

Completed by:	Date	CHUMS ID Number
Title		FHA Case No

Instructions

Direct Endorsement Post-Endorsement Technical Review Checklist

Review of the Appraisal

This Direct Endorsement (DE) checklist is designed to assist in technical reviews for evaluating and assigning ratings of appraisers. This checklist identifies the most common deficiencies in appraisals resulting in fair or poor ratings. (Any one element rated poor should result in an overall poor rating. Enter overall ratings on Form HUD 54118.) In addition to providing a means of assigning ratings throughout HUD's local Office network in a consistent manner, the checklists are designed to alert the reviewer to "warning signs" that may indicate fraud and identify deficiencies that may warrant indemnification. When deficiencies are identified that require referral of the file to HUD's Mortgagee Monitoring Division for possible indemnification or to the Office of Inspector General for investigation, a memorandum should be prepared to transmit the file. The memorandum should contain a photocopy of the completed checklist as supporting documentation.

Desk Review of the Performance of the Appraiser

When evaluating the appraiser's performance emphasis must be placed on accuracy and consistency employed when preparing the Uniform Residential Appraisal Report. The methodology used in determining the market value for mortgage insurance purposes must be taken into consideration. The reviewer must analyze the report to assure that the appraiser employed outstanding procedures and took all precautions necessary to protect the property, which when insured, will

become a security for the insured mortgage. This form, HUD-54118-VAL, is used by the reviewer to rate the (DE Staff, Fee Panel, or Roster) appraiser. Form HUD-54118-UND is used to rate the DE Underwriter.

Documents

The reviewer must determine whether the appraisal report and its supplemental documents provide the necessary information to adequately analyze the property.

Document Analysis and Appraiser Rating

Fair: Ratings of "fair" must be accompanied by comments from the reviewer.

Poor: Poor ratings must be justified by the reviewer. While the checklist indicates elements that constitute a poor rating, the reviewer is expected to explain how HUD's risk was significantly increased by the deficiency. For instance, if the reviewer found that photographs of the subject property indicated that the roof was falling because of loose, worn out of missing roof shingles and the appraiser did not make a repair requirement, etc. the reviewer must explain the increased risk to HUD. If the appraiser obviously exceeded the value indicated by three comparables, it is evident that he/she is overvaluing which could place the insurance fund in jeopardy by having to pay for overvalued properties.