

The Market Conditions Addendum Form



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Intended Users

This material was designed for residential

- Appraisers,
- Review appraisers,
- Investors,
- Underwriters, and
- Lender quality control personnel



What we'll cover

- How to recognize needed sources of market information that may give indications of market conditions.
- How to recognize a change in market conditions when it occurs.
- Illustrate how to measure changes in market conditions.
- Illustrate ways to complete the new Market Conditions form.
- Illustrate applications of market data and the new form.



Introduction

- In November 2008, Fannie Mae and Freddie Mac released the **Market Conditions Addendum Form**—Freddie Mac Form 71/Fannie Mae Form 1004MC—which was revised in March 2009.
- This form will be required on appraisals with effective dates of April 1, 2009 and beyond.
- Appraisers should review Fannie Mae Announcement 08-30 in its entirety before preparing the form for the first time.



Sources

- Freddie Mac: Bulletin dated November 24, 2008
www.freddiemac.com/sell/guide/bulletins/pdf/bll112408.pdf
- Fannie Mae: Announcement 08-30
<https://www.efanniemae.com/sf/guides/ssg/annltrs/pdf/2008/0830.pdf>

Freddie Mac Form 71/Fannie Mae Form 1004MC



Freddie Mac Form 71/Fannie Mae Form 1004MC (cont.)

- Some geographic areas seem to have high appreciation and then rapid declines
- Other areas are much less volatile.
- The first market in this graph is volatile with large increases in prices and then large declines.
- The second market has not had the same appreciation, but also does not have the rapid decline.



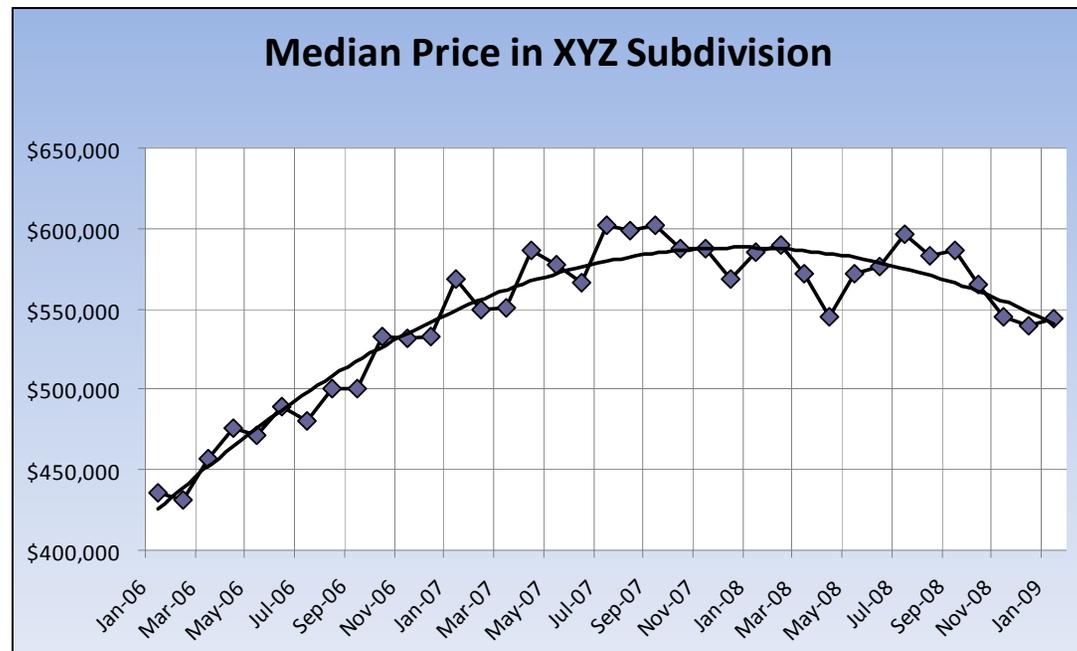


Freddie Mac Form 71/Fannie Mae Form 1004MC (cont.)

- Markets are seldom all up or all down.
- Most markets have general trends, but on any given day, there will be evidence of values increasing, decreasing, and/or remaining stable.
- In some areas, it may be difficult to find any evidence of a trend or even any change. This is not for the lack of change but for the lack of evidence.
- It is doubtful that any analysis done in this market is transferable to another market nor is it likely that any analysis has a very long shelf life.

Freddie Mac Form 71/Fannie Mae Form 1004MC (cont.)

- Markets are seldom all up or all down—the trend must be studied.
- Interpolating is drawing conclusions from within the data set.
- Extrapolating is extending the data set in a trend and then drawing conclusions. This can be quite dangerous.





Freddie Mac Form 71/Fannie Mae Form 1004MC (cont.)

- The new form and the required market analysis is focused on supporting the appraiser's opinion of market conditions in the subject's market.
- The new form is designed to be as local and therefore as specific as possible.
- There are other sources of general data that may be considered when reconciling an opinion of market conditions.



Sources of General Data

- **Federal Housing Finance Agency** (www.fhfa.gov): Tracks many markets in the U.S., using appraisals of properties with loans sold to Fannie Mae and Freddie Mac.
- **National Association of Realtors** (www.realtor.org): Provides statistical analysis of sales data from its MLS systems in the U.S.
- **Standard & Poor's/Case-Shiller Home Price Indices** (www2.standardandpoors.com/portal/site/sp/en/us/page.topic/indices_csmahp/0,0,0,0,0,0,0,0,0,0,1,1,0,0,0,0,0.html): Tracks the sales and resales of the same properties in 20 U.S. cities. Data from this site is often quoted by the media. Appraisers should always read the background data to see the strengths and weaknesses of these analyses.

First section of the new form

Market Conditions Addendum to the Appraisal Report File No.

The purpose of this addendum is to provide the lender/client with a clear and accurate understanding of the market trends and conditions prevalent in the subject neighborhood. This is a required addendum for all appraisal reports with an effective date on or after April 1, 2009.

Property Address City State ZIP Code

Borrower

Instructions: The appraiser must use the information required on this form as the basis for his/her conclusions, and must provide support for those conclusions, regarding housing trends and overall market conditions as reported in the Neighborhood section of the appraisal report form. The appraiser must fill in all the information to the extent it is available and reliable and must provide analysis as indicated below. If any required data is unavailable or is considered unreliable, the appraiser must provide an explanation. It is recognized that not all data sources will be able to provide data for the shaded areas below; if it is available, however, the appraiser must include the data in the analysis. If data sources provide the required information as an average instead of the median, the appraiser should report the available figure and identify it as an average. Sales and listings must be properties that compete with the subject property, determined by applying the criteria that would be used by a prospective buyer of the subject property. The appraiser must explain any anomalies in the data, such as seasonal markets, new construction, foreclosures, etc.

Inventory Analysis	Prior 7-12 Months	Prior 4-6 Months	Current - 3 Months	Overall Trend		
Total # of Comparable Sales (Settled)				<input type="checkbox"/> Increasing	<input type="checkbox"/> Stable	<input type="checkbox"/> Declining
Absorption Rate (Total Sales/Months)				<input type="checkbox"/> Increasing	<input type="checkbox"/> Stable	<input type="checkbox"/> Declining
Total # of Comparable Active Listings				<input type="checkbox"/> Declining	<input type="checkbox"/> Stable	<input type="checkbox"/> Increasing
Months of Housing Supply (Total Listings/Ak Pts)				<input type="checkbox"/> Declining	<input type="checkbox"/> Stable	<input type="checkbox"/> Increasing



Opinion of Market Trends

General directions from Fannie Mae:

Implementation of the Market Conditions Addendum to the Appraisal Report (Form 1004MC)

Selling Guide, Part XI, Section 403.03: Trend of Property Values, Demand/Supply, and Marketing Time; and Section 203: Appraisal and Property Inspection Report Forms

Fannie Mae purchases or securitizes mortgages in all markets and under all market conditions. The current appraisal report forms require the appraiser to report on the primary indicators of market condition for properties in the subject neighborhood by noting the trend of property values (increasing, stable, or declining), the supply of properties in the subject neighborhood (shortage, in-balance, or over-supply), and the marketing time for properties (under three months, three to six months, or over six months) as of the effective date of the appraisal. Fannie Mae also expects the appraiser to provide their conclusions for the reasons a market is experiencing declining market values, an over-supply of properties, or marketing times over six months.

To further enhance the transparency of the conclusions made by the appraiser related to market trends and conditions, the Form 1004MC will be required for all mortgage loans delivered to Fannie Mae with appraisals of one- to four-unit properties with an effective date on or after April 1, 2009. A sample of the form is attached to this Announcement. In addition, the form is posted on eFannieMae.com.

Inventory Analysis Section

Inventory Analysis		Prior 7-12 Months	Prior 4-6 Months	Current - 3 Months	Overall Trend		
Total # of Comparable Sales (Settled)					<input type="checkbox"/> Increasing	<input type="checkbox"/> Stable	<input type="checkbox"/> Declining
Absorption Rate (Total Sales/Months)					<input type="checkbox"/> Increasing	<input type="checkbox"/> Stable	<input type="checkbox"/> Declining
Total # of Comparable Active Listings					<input type="checkbox"/> Declining	<input type="checkbox"/> Stable	<input type="checkbox"/> Increasing
Months of Housing Supply (Total Listings/Ab.Rate)					<input type="checkbox"/> Declining	<input type="checkbox"/> Stable	<input type="checkbox"/> Increasing
M Median Sale & List Price, DOM, Sale/List%	Prior 7-12 Months	Prior 4-6 Months	Current - 3 Months	Overall Trend			
A Median Comparable Sale Price				<input type="checkbox"/> Increasing	<input type="checkbox"/> Stable	<input type="checkbox"/> Declining	
R Median Comparable Sales Days on Market				<input type="checkbox"/> Declining	<input type="checkbox"/> Stable	<input type="checkbox"/> Increasing	
K Median Comparable List Price				<input type="checkbox"/> Increasing	<input type="checkbox"/> Stable	<input type="checkbox"/> Declining	
E Median Comparable Listings Days on Market				<input type="checkbox"/> Declining	<input type="checkbox"/> Stable	<input type="checkbox"/> Increasing	
T Median Sale Price as % of List Price				<input type="checkbox"/> Increasing	<input type="checkbox"/> Stable	<input type="checkbox"/> Declining	
R Seller/developer, builder, etc. \ paid financial assistance prevalent?	<input type="checkbox"/> Yes <input type="checkbox"/> No			<input type="checkbox"/> Declining	<input type="checkbox"/> Stable	<input type="checkbox"/> Increasing	

General directions from Fannie Mae:

Inventory Analysis Section

The “Inventory Analysis” section assists the appraiser in analyzing important supply and demand factors in order to reach a conclusion regarding housing trends and market conditions. When completing this section, the appraiser must include the comparable data that reflects the total pool of comparable properties from which a buyer may select a property in order to analyze the sales activity and the local housing supply. One of the tools used to monitor these trends is the absorption rate. The absorption rate is the rate at which properties for sale have been or can be sold (marketed) within a given area. To determine the absorption rate, the appraiser divides the total number of settled sales by the time frame being analyzed. The months of housing supply is based on the total listings for the applicable period divided by the absorption rate.

Inventory Analysis Section (cont.)

Inventory Analysis—The Windows of Time:

Inventory Analysis		Prior 7–12 Months	Prior 4–6 Months	Current – 3 Months	Overall Trend		
	Total # of Comparable Sales (Settled)				<input type="checkbox"/> Increasing	<input type="checkbox"/> Stable	<input type="checkbox"/> Declining
	Absorption Rate (Total Sales/Months)				<input type="checkbox"/> Increasing	<input type="checkbox"/> Stable	<input type="checkbox"/> Declining
	Total # of Comparable Active Listings				<input type="checkbox"/> Declining	<input type="checkbox"/> Stable	<input type="checkbox"/> Increasing
	Months of Housing Supply (Total Listings/Ab.Rate)				<input type="checkbox"/> Declining	<input type="checkbox"/> Stable	<input type="checkbox"/> Increasing
M A R K E T	Median Sale & List Price, DOM, Sale/List%	Prior 7–12 Months	Prior 4–6 Months	Current – 3 Months	Overall Trend		
	Median Comparable Sale Price				<input type="checkbox"/> Increasing	<input type="checkbox"/> Stable	<input type="checkbox"/> Declining
	Median Comparable Sales Days on Market				<input type="checkbox"/> Declining	<input type="checkbox"/> Stable	<input type="checkbox"/> Increasing
	Median Comparable List Price				<input type="checkbox"/> Increasing	<input type="checkbox"/> Stable	<input type="checkbox"/> Declining
	Median Comparable Listings Days on Market				<input type="checkbox"/> Declining	<input type="checkbox"/> Stable	<input type="checkbox"/> Increasing
	Median Sale Price as % of List Price				<input type="checkbox"/> Increasing	<input type="checkbox"/> Stable	<input type="checkbox"/> Declining
R	Seller/(developer, builder, etc.) paid financial assistance prevalent?			<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Declining	<input type="checkbox"/> Stable	<input type="checkbox"/> Increasing

Inventory Analysis Section (cont.)

Inventory Analysis		Prior 7-12 Months	Prior 4-6 Months	Current - 3 Months	Overall Trend		
Total # of Comparable Sales (Settled)					<input type="checkbox"/> Increasing	<input type="checkbox"/> Stable	<input type="checkbox"/> Declining
Absorption Rate (Total Sales/Months)					<input type="checkbox"/> Increasing	<input type="checkbox"/> Stable	<input type="checkbox"/> Declining
Total # of Comparable Active Listings					<input type="checkbox"/> Declining	<input type="checkbox"/> Stable	<input type="checkbox"/> Increasing
Months of Housing Supply (Total Listings/Ab.Rate)					<input type="checkbox"/> Declining	<input type="checkbox"/> Stable	<input type="checkbox"/> Increasing
M Median Sale & List Price, DOM, Sale/List%	Prior 7-12 Months	Prior 4-6 Months	Current - 3 Months	Overall Trend			
A Median Comparable Sale Price				<input type="checkbox"/> Increasing	<input type="checkbox"/> Stable	<input type="checkbox"/> Declining	
R Median Comparable Sales Days on Market				<input type="checkbox"/> Declining	<input type="checkbox"/> Stable	<input type="checkbox"/> Increasing	
K Median Comparable List Price				<input type="checkbox"/> Increasing	<input type="checkbox"/> Stable	<input type="checkbox"/> Declining	
E Median Comparable Listings Days on Market				<input type="checkbox"/> Declining	<input type="checkbox"/> Stable	<input type="checkbox"/> Increasing	
T Median Sale Price as % of List Price				<input type="checkbox"/> Increasing	<input type="checkbox"/> Stable	<input type="checkbox"/> Declining	
R Seller/developer/builder, etc. \ paid financial assistance prevalent?	<input type="checkbox"/> Yes <input type="checkbox"/> No			<input type="checkbox"/> Declining	<input type="checkbox"/> Stable	<input type="checkbox"/> Increasing	

General directions from Fannie Mae:

Example

Step 1: Calculate the absorption rate. If there were 60 sales during a 6 month period (e.g., “Prior 7 – 12 Months” column), the absorption rate is 10 sales per month (60/6).

Step 2: Calculate the months of housing supply. If there are 240 active listings, there is a 24-month supply of homes on the market (240 active sales/10 sales per month). This may support the appraiser’s conclusion that there is an over-supply of homes on the market. Anomalies in the data such as seasonal markets, new construction, or other factors must be addressed in the form.

Median Sale and List Price / Days on Market

Inventory Analysis		Prior 7-12 Months	Prior 4-6 Months	Current - 3 Months	Overall Trend		
Total # of Comparable Sales (Settled)					<input type="checkbox"/> Increasing	<input type="checkbox"/> Stable	<input type="checkbox"/> Declining
Absorption Rate (Total Sales/Months)					<input type="checkbox"/> Increasing	<input type="checkbox"/> Stable	<input type="checkbox"/> Declining
Total # of Comparable Active Listings					<input type="checkbox"/> Declining	<input type="checkbox"/> Stable	<input type="checkbox"/> Increasing
Months of Housing Supply (Total Listings/Ab.Rate)					<input type="checkbox"/> Declining	<input type="checkbox"/> Stable	<input type="checkbox"/> Increasing
MARKET Median Sale & List Price, DOM, Sale/List%		Prior 7-12 Months	Prior 4-6 Months	Current - 3 Months	Overall Trend		
Median Comparable Sale Price					<input type="checkbox"/> Increasing	<input type="checkbox"/> Stable	<input type="checkbox"/> Declining
Median Comparable Sales Days on Market					<input type="checkbox"/> Declining	<input type="checkbox"/> Stable	<input type="checkbox"/> Increasing
Median Comparable List Price					<input type="checkbox"/> Increasing	<input type="checkbox"/> Stable	<input type="checkbox"/> Declining
Median Comparable Listings Days on Market					<input type="checkbox"/> Declining	<input type="checkbox"/> Stable	<input type="checkbox"/> Increasing
Median Sale Price as % of List Price					<input type="checkbox"/> Increasing	<input type="checkbox"/> Stable	<input type="checkbox"/> Declining
R Seller/developer, builder, etc. \ paid financial assistance prevalent? <input type="checkbox"/> Yes <input type="checkbox"/> No					<input type="checkbox"/> Declining	<input type="checkbox"/> Stable	<input type="checkbox"/> Increasing

General directions from Fannie Mae:

Median Sale & List Price, DOM, List/Sale Ratio Section

The appraiser must analyze additional trends, including the changes in median prices and days on the market (DOM) for both sales and listings as well as a change in list-to-sales price ratios.

Example

If the median comparable sale prices are \$300,000, \$295,000, and \$305,000 for their respective time periods, the overall trend for the prior 12 months is relatively “stable.”

Overall Trend Section

Inventory Analysis		Prior 7-12 Months	Prior 4-6 Months	Current - 3 Months	Overall Trend		
Total # of Comparable Sales (Settled)					<input type="checkbox"/> Increasing	<input type="checkbox"/> Stable	<input type="checkbox"/> Declining
Absorption Rate (Total Sales/Months)					<input type="checkbox"/> Increasing	<input type="checkbox"/> Stable	<input type="checkbox"/> Declining
Total # of Comparable Active Listings					<input type="checkbox"/> Declining	<input type="checkbox"/> Stable	<input type="checkbox"/> Increasing
Months of Housing Supply (Total Listings/Ab.Rate)					<input type="checkbox"/> Declining	<input type="checkbox"/> Stable	<input type="checkbox"/> Increasing
MARKET Median Sale & List Price, DOM, Sale/List%		Prior 7-12 Months	Prior 4-6 Months	Current - 3 Months	Overall Trend		
Median Comparable Sale Price					<input type="checkbox"/> Increasing	<input type="checkbox"/> Stable	<input type="checkbox"/> Declining
Median Comparable Sales Days on Market					<input type="checkbox"/> Declining	<input type="checkbox"/> Stable	<input type="checkbox"/> Increasing
Median Comparable List Price					<input type="checkbox"/> Increasing	<input type="checkbox"/> Stable	<input type="checkbox"/> Declining
Median Comparable Listings Days on Market					<input type="checkbox"/> Declining	<input type="checkbox"/> Stable	<input type="checkbox"/> Increasing
Median Sale Price as % of List Price					<input type="checkbox"/> Increasing	<input type="checkbox"/> Stable	<input type="checkbox"/> Declining
R Seller/developer, builder, etc. \ paid financial assistance prevalent? <input type="checkbox"/> Yes <input type="checkbox"/> No					<input type="checkbox"/> Declining	<input type="checkbox"/> Stable	<input type="checkbox"/> Increasing

General directions from Fannie Mae:

Overall Trend Section

The “Overall Trend” section is designed to reflect potential positive trends, neutral trends, or negative trends in inventory, median sale and list price, days on market, list-to- sale price ratio, and seller concessions.

Example

An increase in the absorption rate is generally viewed as a positive trend, whereas a decrease in the absorption rate may be viewed as a negative trend. Furthermore, a decrease in the number of days on the market, either sales or listings, more than likely represents an overall positive trend.

Overall Trend Section (cont.)

Inventory Analysis		Prior 7-12 Months	Prior 4-6 Months	Current - 3 Months	Overall Trend		
Total # of Comparable Sales (Settled)					<input type="checkbox"/> Increasing	<input type="checkbox"/> Stable	<input type="checkbox"/> Declining
Absorption Rate (Total Sales/Months)					<input type="checkbox"/> Increasing	<input type="checkbox"/> Stable	<input type="checkbox"/> Declining
Total # of Comparable Active Listings					<input type="checkbox"/> Declining	<input type="checkbox"/> Stable	<input type="checkbox"/> Increasing
Months of Housing Supply (Total Listings/Ab.Rate)					<input type="checkbox"/> Declining	<input type="checkbox"/> Stable	<input type="checkbox"/> Increasing
MARKET Median Sale & List Price, DOM, Sale/List%		Prior 7-12 Months	Prior 4-6 Months	Current - 3 Months	Overall Trend		
Median Comparable Sale Price					<input type="checkbox"/> Increasing	<input type="checkbox"/> Stable	<input type="checkbox"/> Declining
Median Comparable Sales Days on Market					<input type="checkbox"/> Declining	<input type="checkbox"/> Stable	<input type="checkbox"/> Increasing
Median Comparable List Price					<input type="checkbox"/> Increasing	<input type="checkbox"/> Stable	<input type="checkbox"/> Declining
Median Comparable Listings Days on Market					<input type="checkbox"/> Declining	<input type="checkbox"/> Stable	<input type="checkbox"/> Increasing
Median Sale Price as % of List Price					<input type="checkbox"/> Increasing	<input type="checkbox"/> Stable	<input type="checkbox"/> Declining
R Seller/developer/builder, etc. \ paid financial assistance prevalent? <input type="checkbox"/> Yes <input type="checkbox"/> No					<input type="checkbox"/> Declining	<input type="checkbox"/> Stable	<input type="checkbox"/> Increasing

- This analysis supports the conclusions reported in the neighborhood section. Notice the use of “trend(s)” above and below.
- If the absorption rate is the same each period, is the trend increasing, stable, or declining?

One-Unit Housing Trends			
Property Values	<input type="checkbox"/> Increasing	<input type="checkbox"/> Stable	<input type="checkbox"/> Declining
Demand/Supply	<input type="checkbox"/> Shortage	<input type="checkbox"/> In Balance	<input type="checkbox"/> Over Supply
Marketing Time	<input type="checkbox"/> Under 3 mths	<input type="checkbox"/> 3-6 mths	<input type="checkbox"/> Over 6 mths



Overall Trend Section (cont.)

- Think about the parameters that define the market.
- Find out if prices in the subject's market are changing and in which direction.
- Include only those sales and listings that are comparable (see directions from Fannie Mae).
- Define the search criteria as comparable properties in the neighborhood—similar to the market analysis section on page 2 of the appraisal forms.
- A search criteria besides geographic boundaries may also be needed.
- A neighborhood can also include diverse but compatible properties.
- This analysis should be done with properties that would compete for the same buyers if the subject and the comparable were both on the market as of the effective date of appraisal.

Comparable Properties and Sales

Uniform Residential Appraisal Report

File #

There are	comparable properties currently offered for sale in the subject neighborhood ranging in price from \$	to \$.
There are	comparable sales in the subject neighborhood within the past twelve months ranging in sale price from \$	to \$.

- This section of the URAR should usually correlate to the results of the new form.
- It is asking the same questions but with a different time frame. Both forms are asking for “comparable properties in the neighborhood.”
- This section of the URAR asks only about the number of listings now and sales for the last 12 months.
- The new form asks about sales and listings in three- or six-month windows. The same search used for the new form can be used for the URAR, since it includes the entire last year.

Value Adjustments

VALUE ADJUSTMENTS	DESCRIPTION	DESCRIPTION	+(-) \$ Adjustment	DESCRIPTION	+(-) \$ Adjustment	DESCRIPTION	+(-) \$ Adjustment
Sale or Financing Concessions							
Date of Sale/Time							
Location							

- This section of the URAR also should correlate to the results of the new form.
- If prices are declining, negative market condition (Date of Sale/Time) adjustments would be appropriate.
- If prices are increasing, positive market condition adjustments would be appropriate.

Seller Concessions Trends

SEARCH	Explain in detail the seller concessions trends for the past 12 months (e.g., seller contributions increased from 3% to 5%, increasing use of buydowns, closing costs, condo fees, options, etc.).

- The next section of the new form asks for a discussion of the direction (increase or decline) of seller concessions.
- This is an indication of the seller's motivations or the buyer's ability to purchase.
- It may be possible to support with statistics on seller-paid concessions.
- In most markets it will be a subjective observation.
- In some markets, this section may be used to talk about unusual incentive programs and methods to promote home ownership.

Seller Concessions Trends (cont.)

S E A R C H	Explain in detail the seller concessions trends for the past 12 months (e.g., seller contributions increased from 3% to 5%, increasing use of buydowns, closing costs, condo fees, options, etc.).

General directions from Fannie Mae:

Seller Concessions

Form 1004MC also provides a section for comments on the prevalence of seller concessions and the trend in seller concessions for the past 12 months. The change in seller concessions within the market provides the lender with additional insight into current market conditions. The appraiser should consider and report on seller-paid (or third-party) costs. Examples of these items include, but are not limited to mortgage payments, points and fees, and in condominium or cooperative projects, items such as homeowners' association fees and guaranteed rental programs. Seller concessions must be carefully analyzed by the appraiser since excessive concessions often lead to inflated property values.

Foreclosure Properties

ANALYSIS	Are foreclosure sales (REO sales) a factor in the market? <input type="checkbox"/> Yes <input type="checkbox"/> No If yes, explain (including the trends in listings and sales of foreclosed properties).
	Cite data sources for above information.

- Foreclosure properties are commonly called Real Estate Owned (REO).
- In banking circles, these properties may be known as Other Real Estate Owned (OREO).
- This section asks the appraiser about foreclosures and the impact on value of the additional competition. In some markets, the competition from REO properties is significant.
- Also asks the appraiser to cite the sources of the data used. Presumably these sources should be cited for all the sections above, including the supply and demand analysis.

Support of conclusions in Neighborhood section of the appraisal report form

Summarize the above information as support for your conclusions in the Neighborhood section of the appraisal report form. If you used any additional information, such as an analysis of pending sales and/or expired and withdrawn listings, to formulate your conclusions, provide both an explanation and support for your conclusions.

- This section calls for support of your conclusions in the neighborhood section. The support could include a discussion of listings, pending sales, or expired and withdrawn listings.
- It can be any logical analysis that an appraiser could develop.

Condominium / Cooperative Properties

If the subject is a unit in a condominium or cooperative project , complete the following:				Project Name:		
Subject Project Data	Prior 7-12 Months	Prior 4-6 Months	Current – 3 Months	Overall Trend		
C O N D O	Total # of Comparable Sales (Settled)			<input type="checkbox"/> Increasing	<input type="checkbox"/> Stable	<input type="checkbox"/> Declining
	Absorption Rate (Total Sales/Months)			<input type="checkbox"/> Increasing	<input type="checkbox"/> Stable	<input type="checkbox"/> Declining
	Total # of Active Comparable Listings			<input type="checkbox"/> Declining	<input type="checkbox"/> Stable	<input type="checkbox"/> Increasing
	Months of Unit Supply (Total Listings/Ab. Rate)			<input type="checkbox"/> Declining	<input type="checkbox"/> Stable	<input type="checkbox"/> Increasing

- This next section is dedicated to condominiums and cooperatives. This grid format looks a lot like the grid listed on the top of the form.
- If the subject is a condominium or cooperative, this section must be completed in addition to the grid near the top of the form



Condominium / Cooperative Properties (cont.)

- **Condominium:**

- Legal term—do not classify based on design or lifestyle
- Not leased fee or leasehold
- An appraiser cannot determine if a property is a condominium just by looking—it is a research project

- **Cooperative:**

- Legal term—do not classify based on design or lifestyle.
- Property held in fee simple by a corporation
- Each owner holds a share in the corporation
- Owners usually hold a proprietary lease—entitling them to occupancy rights.

Condominium / Cooperatives Properties (cont.)

If the subject is a unit in a condominium or cooperative project , complete the following:				Project Name:		
Subject Project Data	Prior 7-12 Months	Prior 4-6 Months	Current – 3 Months	Overall Trend		
C O N D O	Total # of Comparable Sales (Settled)			<input type="checkbox"/> Increasing	<input type="checkbox"/> Stable	<input type="checkbox"/> Declining
	Absorption Rate (Total Sales/Months)			<input type="checkbox"/> Increasing	<input type="checkbox"/> Stable	<input type="checkbox"/> Declining
	Total # of Active Comparable Listings			<input type="checkbox"/> Declining	<input type="checkbox"/> Stable	<input type="checkbox"/> Increasing
	Months of Unit Supply (Total Listings/Ab. Rate)			<input type="checkbox"/> Declining	<input type="checkbox"/> Stable	<input type="checkbox"/> Increasing

- This analysis is very similar to the first section of the new form and would be used to describe the market in the subject project.
- The information may or may not be obtainable in all markets.
- If the review appraiser obtained the data, it would be expected that the original appraiser should get it as well.
- Do not neglect to do this research and think nobody will know.

Condominiums/Cooperatives Properties (cont.)

S E C T I O N S	Are foreclosure sales (REO sales) a factor in the project? <input type="checkbox"/> Yes <input type="checkbox"/> No If yes, indicate the number of REO listings and explain the trends in listings and sales of foreclosed properties.
	Summarize the above trends and address the impact on the subject unit and project.

- For condominiums and cooperatives, the data requested above may be more obtainable.
- The requested comments are significant.
- “Canned” or “generic” statements about trends should not be used.
- If a project is slow to complete construction, or to sell out or resell units, use this section to discuss it.

A Case Study Example

Lets look at a case study for an example of how the analysis section of the new form will be completed.



A Case Study Example (cont.)

Subject information:

Building residence design	One story with finished area over garage
Building age	Built in 2001
Building condition	Average as compared to competing properties
Foundation	Concrete with crawl space
Framing - structural	Wood framed, 2" x 4" with 16" on center
Exterior veneer	Brick in front with hearty plank
Roof surface	Asphalt shingles
HVAC type	Gas forced air furnace with central air conditioning
Garage size	2-car attached garage
Basement size	None
Basement finish	None
Room count	10 rooms, 2 bedrooms, 2.5 bathrooms
Gross living area	2,790 sq. ft.
Porches, patios, etc.	300 sq. ft. rear wood deck

A Case Study Example

Subject site information:

Site shape	Rectangular
Site size	.31 acre
Road frontage	65' via GIS
Average depth	206' via GIS
Adverse easements	None observed
Topography/drainage	Level - adequate drainage
Zoning classification	S-1 residential
Conformity to zoning	Yes - small changes may have been made by planning and zoning
Utilities connected	Water, sewer, public gas, electric, cable TV, and telephone
Environmental hazards	None observed
Features	On golf course

Subject Real Estate = Lot 23, Section 1, Apple Orchard Addition.

A Case Study Example (cont.)

Based on the previous data, how would you identify and delineate the market for the subject, and what would the search criteria be?

Design	One Story
Year built	1995-2005
Basement	No
Garage	2 car attached
Gross Living Area (sq.ft.)	2,500 - 3,000
Site data	On Golf Course

A Case Study Example (cont.)

Based on the previously delineated data, the local database (MLS) returned the following information:

	Total # of Comparable Sales	Absorption Rate per month	# of Active Listings in the time window .	Months of Housing Supply	Median Sale Price	Median Comparable Sales DOM	Median List Price of time window	Median Listings DOM	Median List-To-Sale Price Ratio
12 months ago	4								
11 months ago	2								
10 months ago	3								
9 months ago	4								
8 months ago	3								
7 months ago	3								
total 7-12 mos	19	3.17	22	6.95	\$ 532,348	44	\$ 544,448	55	96.85%
6 months ago	3								
5 months ago	4								
4 months ago	2								
Total 4-6 mos.	9	3.00	22	7.33	\$ 500,334	55	\$ 515,544	59	95.45%
3 months ago	4								
2 months ago	2								
1 months ago	1								
Total 0-3 mos.	7	2.33	24	10.29	\$ 475,858	66	\$ 495,888	78	93.88%

A Case Study Example (cont.)

This is what the left side of the analysis section of the form would look like:

Inventory Analysis	Prior 7-12 Months	Prior 4-6 months	Current - 3 Months
Total # of Comparable Sales (Settled)	19	9	7
Absorption Rate (Total Sales/Months)	3.17	3.00	2.33
Total # of Comparable Active Listings	22	22	24
Months of Housing Supply (Total Listings/Ab. Rate)	6.95	7.33	10.29
Median Sale & List Price, DOM, Sale/List %	Prior 7-12 Months	Prior 4-6 months	Current - 3 Months
Median Comparable Sale Price	\$532,348	\$500,334	\$475,858
Median Comparable Sales Days on Market	44	55	66
Median Comparable List Price	\$544,448	\$515,544	\$495,888
Median Comparable Listings Days on Market	55	59	78
Median Sale Price as % of List Price	96.85%	95.45%	93.88%
Seller-(developer, builder, etc.) paid financial assistance prevelant? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No			

A Case Study Example (cont.)

- The right side of the analysis section is listed below.
- This market appears to be oversupplied and prices are falling.

Inventory Analysis	Overall Trend		
Total # of Comparable Sales (Settled)	<input type="checkbox"/> Increasing	<input type="checkbox"/> Stable	<input checked="" type="checkbox"/> Declining
Absorption Rate (Total Sales/Months)	<input type="checkbox"/> Increasing	<input type="checkbox"/> Stable	<input checked="" type="checkbox"/> Declining
Total # of Comparable Active Listings	<input type="checkbox"/> Declining	<input type="checkbox"/> Stable	<input checked="" type="checkbox"/> Increasing
Months of Housing Supply (Total Listings/Ab. Rate)	<input type="checkbox"/> Declining	<input type="checkbox"/> Stable	<input checked="" type="checkbox"/> Increasing
Median Sale & List Price, DOM, Sale/List %	Overall Trend		
Median Comparable Sale Price	<input type="checkbox"/> Increasing	<input type="checkbox"/> Stable	<input checked="" type="checkbox"/> Declining
Median Comparable Sales Days on Market	<input type="checkbox"/> Declining	<input type="checkbox"/> Stable	<input checked="" type="checkbox"/> Increasing
Median Comparable List Price	<input type="checkbox"/> Increasing	<input type="checkbox"/> Stable	<input checked="" type="checkbox"/> Declining
Median Comparable Listings Days on Market	<input type="checkbox"/> Declining	<input type="checkbox"/> Stable	<input checked="" type="checkbox"/> Increasing
Median Sale Price as % of List Price	<input type="checkbox"/> Increasing	<input type="checkbox"/> Stable	<input checked="" type="checkbox"/> Declining
Seller-(developer, builder, etc.) paid financial assistance	<input type="checkbox"/> Declining	<input type="checkbox"/> Stable	<input checked="" type="checkbox"/> Increasing