

FORSYTHE FLASH

Appraisal Insights for the Real Estate Professional



April 14th, 2005

New Appraisal Forms Coming

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The current full appraisal form (1004) has been around for years; it is time for a change. Fannie Mae and Freddie Mac have gotten together and created a new 1004 that is easier to use and gives the reader more information. The new 1004 is laid out in a more organized manner in which the reader can get a better feel for the property.

Lenders may be impacted by extended appraisal turn times because the appraiser must confirm sales transaction information with other sources beyond the Multiple Listing Service or the typical data sources. The appraiser will have to verify data with realtors, title companies and tax records. Analysis and verification of price, seller paid pints and concessions need to be factual and accurate.

The focus on the new appraisal form is to give lenders a more compliant property valuation, which allows them to efficiently manage their loans and have higher underwriter quality.

According to Fannie Mae, "The primary enhancements to the report forms are designed to help communicate our expectations for the property valuation and appraisal reporting process, clarify the appraiser's accountability for the quality of his or her appraisal, and help ensure the appraiser's compliance with our requirements and those of the Uniform Standards of Professional Appraisal Practice."(www.efanniemae.com).

The new report asks direct questions that give the reader more information on the subject property and require the appraiser to clearly answer in a yes/no format whether:

- The appraiser analyzed the contract for sale for the subject property for a purchase money transaction
- The subject property is currently offered or has been offered in the last 12 month for sale
- The subject has any adverse physical deficiencies or conditions such as needed repairs that may affect the livability of the subject.
- The subject generally conforms to the neighborhood
- The appraiser researched, analyzed and reported the sale history for the subject and comparables.

Overall the new report displays more information and the appraiser must do more research to provide the documentation required. These changes make the form in compliance with recent changes in USPAP requirements, but may cause some delays or extend turn times.

Frequently Asked Questions

Q: What is the difference between a 2055 and a 1004?

A: The 1004 is the most detailed residential appraisal form available. The 2055 is an abridged version that does not have a cost approach or income approach area included in the report. It is advised to ask your Lender/Underwriter which report best suits their needs.

Mortgage Rates As of April 14th

30 Year Fixed: **5.91%**

15 Year Fixed: **5.46%**

1- year ARM: **4.30%**

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