

FORSYTHE FLASH

Appraisal Insights for Busy Real Estate Professionals



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What are the most common appraisal types and when are they used?

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Several inquiries have been made regarding the mystery of “what are the different types of forms, and when are they used?” After speaking with several loan officers and attempts to speak to the underwriters, the mystery still goes on.

What we find is that the type of report needed is driven by the borrower’s credit score or lender requirements.

The 1004 URAR is considered to be the “full” appraisal. It is a more in-depth report, both in the amount of information stated regarding the subject and in a more specific sales comparison grid. The 1004 URAR is in many cases the form of choice for purchase mortgages or lenders who want the most thorough form report. A revised 1004 report is in the testing stage.

The 2055 Interior is also known as The Desktop Underwriter Quantitative Analysis Appraisal Report. With this type of form as with the 1004, an exterior and most often an interior inspection are performed, however the report addresses the subject property in a slightly more general light. Physical features and amenities (such as heating and cooling, functional utility and energy efficiency) are not addressed as specifically in the sales comparison portion of the form. This form is generally used for borrowers with average, stable credit.

The 2055 Exterior is the same physical report as the 2055 interior. With this report, the appraiser performs a “drive-by” inspection of the front, street and if accessible the rear aspect of the property. Interior information is gathered through previous appraisals, assessor information and/or contact with the homeowner. This form is typically used when the borrower has above average credit scores or a low loan to estimated value ratio.

While there are exceptions to the “rules”, such as non-conforming zoning issues, unique style homes, or the specific loan type, etc., which could impact the type of form required, these guidelines hold true in general.

The result of our attempt to understand the guidelines which result in differing report requests is as numerous as there are lenders. Appraisers are the lenders' eyes and although this appraiser much prefers a full interior inspection, the report type used will be one required by our client.

Frequently Asked Question

Q: What’s the difference between a 216 Form and a 1007 Form?

A: Both forms are used in conjunction with one to four family investment properties.

- The 216 Form is the Operating Income Statement. This form is used to project the annual income and expenses for the property for the 12-month period following the inspection.
- The 1007 Form is the Single Family Comparable Rent Schedule. This form uses current active rental properties in the subject area to establish an estimated monthly market rent for the subject property.

Mortgage Rates As of September 9th

30 Year Fixed: 5.83%

15 Year Fixed: 5.22%

1- Year ARM: 4.00%

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