

Typical Risk Factors/Deficiencies

1. Any externalities that could impact the subject's value and marketability
2. A declining market and old/dated comparables that are not adjusted
3. Selection of comparables at the top of the range of value for the neighborhood
4. Selection of distant comparables-across major boundaries and/or in different neighborhoods, when comparables exist in closer proximity
5. Selecting all comparables that have unadjusted sales prices lower than the opinion of value, which results in all comparables having positive net adjustments
6. Wide variance in sold prices of comparables with conclusion at the top of the range
7. Sales history of the subject and/or comparables not reported and a recent sale which is at a significantly lower price than the Appraiser's opinion of value

Ron's Market Analysis Red Flags

1. A listing and/or pending sale which does not support the current opinion of value
2. A prior sale that does not support the current opinion of value
3. Lack of commentary supporting large differences between a recent listing or prior sale and the current opinion of value
4. An opinion of value far higher than the subject's sales price
5. The use of comparables that are superior to the subject either due to location or physical characteristics, (site and GLA in particular) including style/market appeal
6. Significant condition adjustments and/or the lack of ones when apparent
7. Adjustments for very minor differences, "mechanical" in nature and not market based
8. Comparables that have been excessively adjusted or required excessive adjustment (not good comps, alternatives or substitutes)
9. A comparable sale(s) which do not support the Appraiser's opinion of value
10. Wide adjusted sales range
11. Reconciling towards or at the upper end of the adjusted sales range

Ron's General Red Flags

1. Rush orders
2. Possible foreign borrowers
3. LLC sales or refi's
4. Private sales-no exposure to the open market
5. Tenant occupied properties
6. Lenders whose appraisals are typically "pushed", "stretched"
7. Lenders who lend on marginalized properties
8. Subject selling over the list price
9. High number of DOM
10. Significant seller concessions, including Gifts of Equity
11. Rural properties
12. Declining values, oversupply of inventory
13. Significant REO activity
14. Two - tier markets
15. Subject selling way above or below the predominant value
16. Inaccurate and/or contrived predominant values
17. Externalities not ascertained, disclosed or measured
18. Inaccurate property description
19. Functional obsolescence not ascertained
20. Condition rating inconsistent with Appraiser's assertions, photos and/or MLS information
21. Flips
22. Unique dwellings
23. The date of inspection much earlier than the date of your review (problems closing the loan which could be as a result of prior appraisals coming in lower than the Appraiser's opinion of value -Being shopped around)
24. When the purpose of the review is for "repurchase consideration"
25. Appraisers who consistently do poor work
26. Appraisers doing valuations outside their local markets
27. Trainee Appraisers