

RESCINDED

Real Estate Appraisal Questionnaire

Yes No

GENERAL QUESTIONNAIRE

Replaced by Comptroller's Handbook, Asset Quality series; OCC Bulletin 2018-39; and OCC Bulletin 2010-42

Appraisal Policies, Practices and Procedures

1. Does the savings association have a written appraisal and evaluation policy? Yes No
2. Has the policy been adopted by the board of directors? Yes No
3. Does the policy establish criteria to determine the useful life of a prior appraisal or evaluation? Yes No
4. Does the policy establish criteria that designates when federally related transactions require a new appraisal? Yes No
5. Do appraisal and evaluation policies and procedures reflect the size of the institution and the nature of its real estate activities? Yes No
6. Does the policy require that:
 - appraisals be based upon the definition of market value as set forth in § 564.2(g)? Yes No
 - appraisals be presented in a narrative format, except when approved forms are used? Yes No
 - appraisals or evaluations be received and analyzed prior to arriving at the final credit or other decision? Yes No
 - new appraisals be undertaken when federally related transactions meet certain criteria? Yes No
 - appraisals disclose, analyze, and report in reasonable detail any prior sales of the property being appraised that occurred (i) within one year of the date the appraisal was prepared for one- to four-family residential property, and (ii) within three years of the date the appraisal was prepared for all other properties? Yes No

(Note: see § 564.8(d) for exemptions.)

- management provide appraisers with a letter of engagement containing:
 - a legal description of the subject property? Yes No
 - a description of the interest to be appraised? Yes No
 - the various value estimates requested? Yes No

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— a copy of the savings association's written appraisal guidelines?	<input type="checkbox"/>	<input type="checkbox"/>
— a copy of the appraisal rule, if not contained within the association's policy?	<input type="checkbox"/>	<input type="checkbox"/>
— other pertinent information such as purchase agreements, income statements of the subject property, leases, financing terms, etc.?	<input type="checkbox"/>	<input type="checkbox"/>
7. Are appraisers paid regardless of loan approval?	<input type="checkbox"/>	<input type="checkbox"/>
8. Are loan approval and appraisal functions separate?	<input type="checkbox"/>	<input type="checkbox"/>
9. Are appraisal reports prepared at the request of the lender or its agent?	<input type="checkbox"/>	<input type="checkbox"/>
If so, who is responsible for ordering appraisals?		

10. Who is responsible for reviewing appraisals?		

Is the reviewer qualified as to education and experience?	<input type="checkbox"/>	<input type="checkbox"/>
11. Does the policy state the conditions when letter updates to appraisals will be permissible?	<input type="checkbox"/>	<input type="checkbox"/>
12. Does the institution require an evaluation to disclose the name and address of the preparer?	<input type="checkbox"/>	<input type="checkbox"/>
13. Are review procedures effective? Do they evaluate underlying assumptions, technical analysis and reasonableness of value?	<input type="checkbox"/>	<input type="checkbox"/>
14. Are pre-funding reviews adequate?	<input type="checkbox"/>	<input type="checkbox"/>
Hiring Guidelines		
15. Does the institution require appraisers to meet reasonable standards for education, experience, and independence? Is proof of appropriate state license or certification readily available?	<input type="checkbox"/>	<input type="checkbox"/>
16. Does the institution maintain effective internal controls, such as a list of approved appraisers, to help ensure that only qualified, independent individuals are selected for assignments?	<input type="checkbox"/>	<input type="checkbox"/>
• Is the process for selecting or removing an appraiser appropriate?	<input type="checkbox"/>	<input type="checkbox"/>

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- | | Yes | No |
|---|--------------------------|--------------------------|
| <ul style="list-style-type: none">Are the criteria used for selecting or removing an appraiser appropriate? | <input type="checkbox"/> | <input type="checkbox"/> |
| 17. Does the institution unlawfully discriminate on the basis of membership or lack of membership in any particular appraisal organization? | <input type="checkbox"/> | <input type="checkbox"/> |

Annual Performance Review

18. Does management annually review the performance of all approved appraisers employed or retained within the preceding 12-month period? Yes No

If so, who is responsible for the performance review?

Is the reviewer qualified? Yes No

19. Does the review consider:
- compliance with the savings association's appraisal and evaluation policies and procedures? Yes No
 - the reasonableness of the value estimates reported? Yes No

Appraisal Review

As a separate review, or in conjunction with the Classification of Assets and Real Estate Mortgage Lending programs, complete a Real Estate Appraisal Report Review form (line sheet) for each appraisal reviewed before completing the following questions:

20. Are appraisal reports prepared for the lender? Yes No
21. Does the savings association use only board-approved appraisers, or appraisers hired by management under board-delegated authority? Yes No
22. Are appraisers' qualifications appropriate for the types of properties being appraised? Yes No
23. Were the appraisals reviewed sufficiently current at the time the loan was funded? Yes No
24. If the appraisal review indicates that changes in value are necessary, for federally related transactions, is the reviewer licensed or certified? Yes No
25. Do appraisals appear discriminatory on the basis of the age or location of the subject property? Yes No
26. Do appraisals:

Exam Date: _____

Prepared By: _____

Reviewed By: _____

Docket #: _____

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• report all three approaches to value, or contain an explanation that supports the omission of one or more approaches?	<input type="checkbox"/>	<input type="checkbox"/>
• indicate a properly supported estimate of the highest and best use consistent with the definition of market value, whether or not the proposed use of the property is in fact the highest and best use?	<input type="checkbox"/>	<input type="checkbox"/>
• identify, by legal description or otherwise, the real estate being appraised as this information is provided to the appraiser by management?	<input type="checkbox"/>	<input type="checkbox"/>
• identify and reflect the market value of the property rights in the real property being appraised?	<input type="checkbox"/>	<input type="checkbox"/>
• include any current agreement of sale, option, or listing of the subject property, if available?	<input type="checkbox"/>	<input type="checkbox"/>
• include a history of sales for comparable properties when such properties have been sold several times during a brief period, or if the sales prices have decreased or increased at an atypical rate for that market?	<input type="checkbox"/>	<input type="checkbox"/>
• base their conclusions upon the most recent plans and specifications for proposed properties?	<input type="checkbox"/>	<input type="checkbox"/>
• set forth the effective date(s) of the value estimate(s) and the date of the report?	<input type="checkbox"/>	<input type="checkbox"/>
• contain summaries of actual annual operating statements for existing income-producing properties, made available to the appraiser by the lender and/or borrower, together with a supported forecast of the most likely future financial performance?	<input type="checkbox"/>	<input type="checkbox"/>
• include current rents and current occupancy levels?	<input type="checkbox"/>	<input type="checkbox"/>
• set forth all material assumptions and limiting conditions affecting the value conclusion in one separate section within the report?	<input type="checkbox"/>	<input type="checkbox"/>
• include in the appraiser's certification:		
— a statement as to the appraiser's license/certification number and state of issuance?	<input type="checkbox"/>	<input type="checkbox"/>
— a statement that the appraiser has no present or prospective interest in either the property being appraised or with the parties involved?	<input type="checkbox"/>	<input type="checkbox"/>
— a statement indicating whether or not the appraiser made a personal inspection of the subject property?	<input type="checkbox"/>	<input type="checkbox"/>

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— a statement indicating that to the best of the appraiser's ability, the analyses, opinions, and conclusions were developed and the report was prepared in accordance with the appraisal standards of the savings association?	<input type="checkbox"/>	<input type="checkbox"/>
27. For all properties, do reports include "market value as is on appraisal date?"	<input type="checkbox"/>	<input type="checkbox"/>
28. For properties wherein a portion of the overall real property rights or physical assets would typically be sold to the ultimate user over a future time period, do reports include the following estimates of value:		
• "market value as is on appraisal date"?	<input type="checkbox"/>	<input type="checkbox"/>
• "market value as of complete on appraisal date"?	<input type="checkbox"/>	<input type="checkbox"/>
• "prospective future value upon completion of construction"?	<input type="checkbox"/>	<input type="checkbox"/>
29. For properties where anticipated market conditions indicate that stabilized occupancy is not likely, do reports include the following estimates of value:		
• "market value as is on appraisal date"?	<input type="checkbox"/>	<input type="checkbox"/>
• "market value as if complete on appraisal date"?	<input type="checkbox"/>	<input type="checkbox"/>
• "prospective future value upon completion of construction"?	<input type="checkbox"/>	<input type="checkbox"/>
• "prospective future value upon reaching stabilized occupancy on the date of stabilization"?	<input type="checkbox"/>	<input type="checkbox"/>
30. For appraisals that included the cost approach to value:		
• are values for land and improvements presented separately?	<input type="checkbox"/>	<input type="checkbox"/>
• do cost estimates appear to be reasonable?	<input type="checkbox"/>	<input type="checkbox"/>
• are land values supported by comparable sales?	<input type="checkbox"/>	<input type="checkbox"/>
• do estimates for depreciation appear reasonable and consistent with estimates of effective age?	<input type="checkbox"/>	<input type="checkbox"/>
31. For appraisals that included the income approach to value:		
• do potential gross income projections appear reasonable?	<input type="checkbox"/>	<input type="checkbox"/>
• do adjustments for vacancy and credit loss appear adequate?	<input type="checkbox"/>	<input type="checkbox"/>

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<ul style="list-style-type: none">do operating expenses appear reasonable?	<input type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none">do capitalization rates appear reasonable and are they supported by market data?	<input type="checkbox"/>	<input type="checkbox"/>
32. For appraisals that included the market approach to value:		
<ul style="list-style-type: none">are comparable properties physically similar?	<input type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none">are comparable properties economically similar?	<input type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none">are comparable sales sufficiently recent, i.e., substantial changes in the market have not occurred?	<input type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none">are adjustments to comparables made for sales with favorable financing?	<input type="checkbox"/>	<input type="checkbox"/>
33. Are market values determined by correlating the values indicated by the individual approaches to value?	<input type="checkbox"/>	<input type="checkbox"/>
34. Based on the loans and appraisals reviewed, is there a significant correlation between classified assets and faulty appraisals?	<input type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none">If so, can faulty appraisals be traced to certain appraisers or appraisal firms?	<input type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none">Does this indicate weaknesses in the institution's appraisal policies, procedures or internal controls?	<input type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none">Is corrective action required for any institution program or policy as a result?	<input type="checkbox"/>	<input type="checkbox"/>

COMMENTS
