

**FORMS MANUAL INSERT**

**FORM RD 1922-7**

RD 1922-7  
(Rev. 7-90)

UNITED STATES DEPARTMENT OF AGRICULTURE  
RURAL DEVELOPMENT

**APPRaisal REPORT FOR MULTI-UNIT HOUSING**

**PART A. PROPERTY IDENTIFICATION**

Borrower \_\_\_\_\_  
 Property Address \_\_\_\_\_  
 City \_\_\_\_\_ County \_\_\_\_\_ State \_\_\_\_\_ Zip Code \_\_\_\_\_

Current Sale Price (if applicable) \$ \_\_\_\_\_ Date of Sale \_\_\_\_\_ Loan Requested \$ \_\_\_\_\_

Terms of Sale \_\_\_\_\_  
 Property Rights Appraised:  Fee  Leasehold  Other

**INSTRUCTIONS TO APPRAISER:** The purpose of this Appraisal is to estimate the current Market Value of the Subject Property. The Definition of Market Value is the highest price in terms of money which a property will bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby: (1) buyer and seller are typically motivated; (2) both parties are well informed or well advised, and each acting in what he/she considers his/her own best interest; (3) a reasonable time is allowed for exposure in the open market; (4) payment is made in cash or its equivalent; (5) typical financing in the community, as provided by Government subsidized loan/grant rates and terms or conventional lending rates and terms; (6) the price represents a normal consideration for the property sold, utilizing conventional or Government financing, unaffected by other special financing amounts and/or terms, services, fees, costs, or credits incurred in the transaction.

NOTE: Rural Development does not consider the racial composition of the neighborhood to be a relevant factor and it must not be considered in the appraisal.  
 Other Information: \_\_\_\_\_

**PART B. ATTACHMENTS**

Attach information for items 1, 2, 5, 6, 7, 8, 9, attach additional items and check box if considered appropriate for this Appraisal.

1.  Descriptive photographs of subject property  
 2.  Descriptive photographs of street scene in neighborhood  
 3.  Photographs of \_\_\_\_\_  
 4.  Aerial photograph  
 5.  Sketch or floor plan of typical units  
 6.  Owner's current certified rent roll if existing or, pro forma if proposed or incomplete  
 7.  Owner's income and expense statement 20 \_\_\_\_\_ or pro forma income and expense statement

8.  Map(s) \_\_\_\_\_  
 9.  Plot plan or survey with legal description  
 10.  Summary of reciprocal agreements with other owners for use of parking, driveways, recreational facilities, private streets (required if applicable)  
 11.  \_\_\_\_\_  
 12.  \_\_\_\_\_  
 13.  \_\_\_\_\_

**PART C. SUMMARY OF SALIENT FEATURES**

TOTAL NUMBER OF APARTMENT UNITS \_\_\_\_\_

CONSTRUCTION:  Existing Property, Approx. Year Built 19 \_\_\_\_\_  Proposed Construction  Under Construction

DATE OF APPRAISED VALUE \_\_\_\_\_

ESTIMATED MARKET VALUE (SEE PAGE 10 FOR CONDITIONS AND REQUIREMENTS) \$ \_\_\_\_\_  
 Value: Per Unit \$ \_\_\_\_\_, Per Room \$ \_\_\_\_\_, Per Sq. Ft. of Building Area \$ \_\_\_\_\_

GROSS ANNUAL INCOME MULTIPLIER \_\_\_\_\_

OVERALL CAPITALIZATION RATE \_\_\_\_\_ %

FORECASTED GROSS ANNUAL ECONOMIC INCOME \$ \_\_\_\_\_

VACANCIES: Actual No. Vacant \_\_\_\_\_ Percentage of Total Units \_\_\_\_\_ %  
 Projected Percentage of Forecasted Gross Annual Economic Income \_\_\_\_\_ %

FORECASTED ANNUAL EXPENSE AND REPLACEMENT RESERVES ( \_\_\_\_\_ % of Forecasted Gross Annual Economic Income) \$ \_\_\_\_\_

FORECASTED NET ANNUAL INCOME FROM REAL PROPERTY \$ \_\_\_\_\_

PARKING RATIO \_\_\_\_\_ spaces/unit

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Prepared by the MFH designated appraiser for housing with more than two living units under the Rural Rental Housing (RRB), Rural Cooperative Housing (RCH) and Farm Labor Housing LH) programs. Used by the approving official to determine whether the security is adequate for the loan and/or grant and the soundness of the proposed loan. Also, used to establish the estimated value in case the project is transferred, reamortized, acquired by the Government or sold by the Government, or as necessary to complete other servicing action reacquiring a determination of value.

(see reverse)

PROCEDURE FOR PREPARATION : RD Instruction 1922-B, 1944-D, 1944-E and 1965-B.

PREPARED BY : Authorize MFH Appraiser.

NUMBER OF COPIES : Original only

SIGNATURES REQUIRED : MFH Designated Appraiser.

DISTRIBUTION COPIES : To loan docket or official case file.

PART A - PROPERTY IDENTIFICATION

Use the street address provided by the Post Office. In the blank spaces below the address, explain briefly how to get to the property. Provide the mileage from local landmarks or city/town, give names of the roads and directions, etc.

PART B - ATTACHMENTS

Items #1, #2, #3, #5, #6, #7, #8 and #9 should always be provided for justification as part of the appraisal attachments, along with others when they are available.

#1 Indicate the direction ( North, South, etc.) that pictures are taken.

#2 Take photographs in all directions or as needed to show the property and its surroundings clearly.

#3 Take photographs for all comparable land sales, rental data and project sales, there may be 3 or 4 photos of each. The negatives can be reprinted for use on future appraisals.

#4 Check with Agriculture Stabilization and Conservation Service (ASCS) for an aerial photo of the proposed site to show unique features of the site or factors influencing value in the surrounding area. Reference to the survey and other comments should be made within the appraisal, especially, in PART F, under unsatisfied demand.

#7 Provide an updated agency approved budget or provide data required to complete form RD 1930-7, as an attachment to the report.

#8 Use local city maps to show location of shopping. Use State or regional maps to show land sales, rental data comparables and project sales in relation to the subject property. If State or larger maps are used they should be reduced as much as possible and still be legible.

#9 Include plot plan or site survey with legal description attached. These may also need to be reduced in size.

Include other attachments relevant to the appraisal, for clarity, when the appraiser is unable to provide adequate comments within the appraisal PARTS.

PART C- SUMMARY OF SALIENT FEATURES

The information in this PART will be completed from various PARTS of the appraisal report after their completion.

*Gross Annual Income Multiplier.* From PART L. This is an important indicator as to the amount an Income Property

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PART D. SUMMARY OF NEIGHBORHOOD AND PROPERTY

Table with 2 main columns: Neighborhood and Property. Each column has 13 rows of categories and 4 sub-columns (Good, Aver., Fair, Poor) for rating.

PART E. AREA DATA

The [ ] City [ ] County [ ] Area population is approximately \_\_\_\_\_
Population: [ ] Increasing \_\_\_\_\_% per year [ ] Stable [ ] Decreasing \_\_\_\_\_% per year
Describe the economic base which contributes a major influence on the stability of real estate \_\_\_\_\_
Discuss employment stability \_\_\_\_\_
Rent Control: [ ] Yes [ ] No Comment \_\_\_\_\_
Are local Government agencies discouraging apartment development? [ ] Yes [ ] No Comment \_\_\_\_\_
General comments, if applicable \_\_\_\_\_

PART F. NEIGHBORHOOD AND MARKETING AREA

Type: [ ] Urban [ ] Suburban [ ] Rural Property Values: [ ] Increasing [ ] Stable [ ] Declining
Present Land Use: Built up \_\_\_\_\_% Condominiums \_\_\_\_\_% Apartments \_\_\_\_\_% Commercial \_\_\_\_\_% Industrial \_\_\_\_\_%
Change in Present Land Use: [ ] Not Likely [ ] Likely or [ ] Taking Place From \_\_\_\_\_ to \_\_\_\_\_
Comment, if applicable \_\_\_\_\_
Describe overall property appeal and maintenance level \_\_\_\_\_
Describe any incompatible land uses (if none, so state) \_\_\_\_\_
Single Family: Price range \$ \_\_\_\_\_ to \$ \_\_\_\_\_ Predominant \$ \_\_\_\_\_ Age \_\_\_\_\_ yrs. to \_\_\_\_\_ yrs. Predominant \_\_\_\_\_ yrs.
Apartments: Predominant range in immediate area (excluding extremes) Walk-up \_\_\_\_\_ Elevator \_\_\_\_\_
Number of units in each building \_\_\_\_\_ units \_\_\_\_\_ units
Age \_\_\_\_\_ years \_\_\_\_\_ years
Height (number of stories) \_\_\_\_\_ stories \_\_\_\_\_ stories
Condition \_\_\_\_\_
Rental range by unit type:
Unit Types: \_\_\_\_\_ \$ \_\_\_\_\_ \$ \_\_\_\_\_
\_\_\_\_\_ \$ \_\_\_\_\_ \$ \_\_\_\_\_
\_\_\_\_\_ \$ \_\_\_\_\_ \$ \_\_\_\_\_
\_\_\_\_\_ \$ \_\_\_\_\_ \$ \_\_\_\_\_
Comment on any unusual aspects of the above ranges \_\_\_\_\_
Est. neighborhood apartment vacancy rate \_\_\_\_\_% [ ] Decreasing [ ] Stable [ ] Increasing. Rent Levels are [ ] Increasing [ ] Stable [ ] Decreasing.
Describe the unit type(s) by number of bedrooms and rental range that are in the greatest tenant demand \_\_\_\_\_
Describe the unit type(s) by number of bedrooms and rental range that are in oversupply \_\_\_\_\_

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#### PART D - SUMMARY OF NEIGHBORHOOD AND PROPERTY

Quality definitions will be taken from Marshall & Swift Residential Cost Handbook.

The tables within the appraisal are to consistent, especially those in PARTS F and H

#### PART E - AREA DATA

Comment on how fast Real Estate sells, economics of the area, employment and the community's support for low-income housing.

In general, are any changes in employment anticipated for the near future?

#### PART F - NEIGHBORHOOD AND MARKETING AREA

*General comments.* Explain land use changes that are occurring as well as changes in use (from home to rental) of residential housing within the community or area. Land use should add up to 100 percent.

*Incompatible land use.* Example are steep slopes, wetlands, unstable soil, junk or old building(s) on land, etc. Describe how the present land use of the area will affects the economic or locational obsolescence of subject property.

NOTE: *Estimated neighborhood apartment vacancy rate will be the rental housing (single family and MFH) vacancies found in the immediate area.*

*Unsatisfied Demand.* Discuss apartment sized needed, rental ranges, and proposed future need for apartments that are given in the market survey, or other substantive demand data confirmed by the appraiser.

#### PART G - SITE

*Dimensions.* Use both square foot and acres to make this clear.

*Zoning.* Include density limits, heights, and other restrictions imposed by local, State, and federal governments.

*Highest and best use.* Discuss the highest and most likely land use for the site that will derive the most income. ( This may be one of the factors for obsolescence.)

*Blank line.* Add items such as TV cable, private sewage treatment plant, water retention ponds, etc.

*Ingress and egress.* Agency regulations, unless the State Director authorizes a waiver, requires consideration for safety and rush hour congestion when leaving or entering the project, with the possible requirement for two entrances for projects with 24 units or more. (This may be one of the factors for obsolescence.)

*Easements.* Discuss utilities to site, as well as easements and/ or rights of way presently over on the site.

*Favorable or unfavorable conditions.* Discuss the site size that is necessary for the proposed projects, septic system, and private well. Also discuss surplus land, steep slope, view, stream, lake, soil problems, drainage, off-site private well or sewer system and public water or sewer. (This may be one of the factors for obsolescence.)

*Lot sketch.* Complete the items indicated within this PART and other items that are not shown on the plot plan or survey. Indicate those areas previously mentioned as positive or negative factors that may affect the project construction or layout of the project on the site, future maintenance and living hazards.

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Describe potential for additional units in area considering land availability, zoning, utilities, etc. \_\_\_\_\_

Describe the unsatisfied demand for additional units in area by type and rental \_\_\_\_\_

Is population of relevant market area of insufficient size, diversity and financial ability to support subject property and its amenities? \_\_\_\_\_

If yes, specify, \_\_\_\_\_

Item	Distance from Subject Property	Access or Convenience			
		Good	Aver.	Fair	Poor
Public Transportation	_____				
Employment Centers	_____				
Shopping Facilities	_____				
Grammar Schools	_____				
Freeway Access	_____				

Describe any probable changes in the economic base of neighborhood which would either favorably or adversely affect apartment rentals

(e.g., employment centers, zoning) \_\_\_\_\_

General comments including either favorable or unfavorable elements not mentioned (e.g., public parks, view, noise, parking congestion) \_\_\_\_\_

**PART G SITE**

Dimensions \_\_\_\_\_ Area \_\_\_\_\_ Sq. Ft. or Acres

Zoning (classification, uses, and densities permitted) \_\_\_\_\_

Present improvements  do  not conform to zoning regulations

Highest and best use:  Present use  Other (specify) \_\_\_\_\_

- Site Improvements:
- Public Water     Private Well     Public Sewer     Septic Tank     Storm Sewer     Sidewalk
  - Curb     Gutters     Alley     Street Lights     Electricity     Gas
  - Underground Electricity & Telephone
- Access By: \_\_\_\_\_ Street Surface: \_\_\_\_\_
- Maintained By:  Municipality     Private Association (attach summary of Association documents)
- Ingress and egress (adequacy and safety) \_\_\_\_\_

Topography, view amenity, lot drainage, flood-condition, slopes, etc. \_\_\_\_\_

Easements or encroachments on site and off site (if any) \_\_\_\_\_

Is the property located within a HUD Identified Special Flood Hazard Area? \_\_\_\_\_

Favorable or unfavorable conditions not mentioned above including any nonconforming use(s) of present improvements. \_\_\_\_\_

Lot sketch showing lot dimensions, distance to nearest corner, and the location of any nearby detrimental conditions.

N

## PARTH - DESCRIPTION OF IMPROVEMENTS

Quality of construction is generally 1.5 to 2.0 by Marshall and Swift standards for agency projects. Be consistent between the tables in PARTS H and D.

*Security features.* Include those items that would be applicable, i.e., dead bolt, smoke alarms, door chains, security lights, etc.

*Effective age.* See depreciation schedule. (Physical and functional obsolescence but not locational/economic can be used in the depreciation process for effective age).

*Parking.* Discuss stripping, wheel stops, distance to units, handicap parking, etc.

*Other building items.* Discuss tenant's storage, number of laundry machines, location of mail boxes, permanent project sign, garbage collection and screening fencing, etc.

*Inadequate or below average conditions.* Discuss construction quality and/or workmanship, density of buildings to land and private utilities. (Any of these could create an obsolescence factor.)

*General comments.* Discuss property and ownership history. Also, discuss landscaping items, appeal to low-income families, and whether the project is designed for low maintenance expense. (These may create an obsolescence factor.)

## PART I - COST APPROACH

### A. Land Value Estimate

Use brief description of each item in land comparables

Use dollars/square foot, dollars/unit or percentage with the value converted to dollars for each of the adjustment for the variables.

Use relevant variables, i.e., time, topography, utilities, size, shape, location, zoning, amenities, etc.

Use consistent adjustments from each comparable to the subject.

Comments and reconciliation - The comments tell "how", and reconciliation tells "why" the comparables and adjustment items were used.

### B. Improvements-*Estimated Reproduction Cost New*

Source of cost data. Use architectural and/or contractor estimates, as well as other verified construction cost data. Separate the individual building into the lines provided to show each by separate design feature. Provide the square footage for all buildings so that they add up to the total gross square foot of the project. Break down the costs into the appropriate site improvement items that are based upon typical estimates of similar size projects.

Less total obsolescence. New projects may have physical, functional and economic/locational obsolescence.

Comment, including expansion of obsolescence. Discuss the type of obsolescence that applies to the subject and the cost of correction for determining the estimated value of obsolescence used. Round to the nearest \$500 or \$1,000, but be consistent. The appraiser should use what is common in the area. The cost approach to value is more creditable as a supportive factor to market value, as the effective age approaches zero.

**PART H. DESCRIPTION OF IMPROVEMENTS**

ITEMS	DESCRIPTION																																																								
Foundation		Construction: <input type="checkbox"/> Existing <input type="checkbox"/> Proposed <input type="checkbox"/> Under Construction																																																							
Basic Structural System		Type Project: <input type="checkbox"/> Walk-Up <input type="checkbox"/> Elevator <input type="checkbox"/> Row or Townhouse																																																							
Exterior Walls		<input type="checkbox"/> Other (Specify) _____																																																							
Roof Covering		No. of Bldgs. _____ No. of Stories _____ No. of Units _____																																																							
Interior Walls		Gross Bldgs. Area _____ Sq. Ft. _____ Density _____ Units per Acre																																																							
Floor Covering		<b>OVERALL IMPROVEMENT RATING</b>																																																							
Ceiling Heights of Units	Finished Floor to Finished Ceiling is _____ Ft.	<table border="1"><thead><tr><th></th><th>Good</th><th>Aver.</th><th>Fair</th><th>Poor</th></tr></thead><tbody><tr><td>Architectural Attractiveness .....</td><td></td><td></td><td></td><td></td></tr><tr><td>Quality of Construction .....</td><td></td><td></td><td></td><td></td></tr><tr><td>Condition of Exterior .....</td><td></td><td></td><td></td><td></td></tr><tr><td>Condition of Interior .....</td><td></td><td></td><td></td><td></td></tr><tr><td>Rooms Size and Unit Layout .....</td><td></td><td></td><td></td><td></td></tr><tr><td>Kitchen Facilities .....</td><td></td><td></td><td></td><td></td></tr><tr><td>Closets and Storage .....</td><td></td><td></td><td></td><td></td></tr><tr><td>Soundproofing Adequacy .....</td><td></td><td></td><td></td><td></td></tr><tr><td>Insulation Adequacy .....</td><td></td><td></td><td></td><td></td></tr><tr><td>Electrical Service Adequacy .....</td><td></td><td></td><td></td><td></td></tr></tbody></table>		Good	Aver.	Fair	Poor	Architectural Attractiveness .....					Quality of Construction .....					Condition of Exterior .....					Condition of Interior .....					Rooms Size and Unit Layout .....					Kitchen Facilities .....					Closets and Storage .....					Soundproofing Adequacy .....					Insulation Adequacy .....					Electrical Service Adequacy .....				
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Bath Floor and Walls		Comment on items rated fair or poor and items not covered above _____																																																							
Insulation		_____																																																							
Soundproofing		_____																																																							
Heating System - Central or Individual & Fuel		_____																																																							
Air Conditioning System, Central or Individual & Fuel		_____																																																							
Hot Water Heater(s)		_____																																																							
Built-in Kitchen Appliances		_____																																																							
Elevator (No. _____ )		_____																																																							
Plumbing Fixtures		_____																																																							
Security Features		_____																																																							
		_____																																																							
		_____																																																							

PARKING: Total Spaces \_\_\_\_\_ Covered (on-site) \_\_\_\_\_ Open (on-site) \_\_\_\_\_  
Parking Ratio \_\_\_\_\_ Space(s)/Unit. Discuss parking adequacy and convenience to apartment units \_\_\_\_\_  
\_\_\_\_\_

Driveways, curbing, sidewalks, lighting (adequacy and condition) \_\_\_\_\_  
\_\_\_\_\_

Describe recreational facilities \_\_\_\_\_  
\_\_\_\_\_

Describe basement, lobby, laundry, and other building items not described above \_\_\_\_\_  
\_\_\_\_\_

Comment if any of the above items or other building items are inadequate or are below average condition \_\_\_\_\_  
\_\_\_\_\_

Recommended observable repairs: (List repairs, painting, termite treatment, etc. you recommend be made to the improvements to make the property readily marketable; if none, so state). \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

General comments, if applicable: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

## PART J - COMPARABLE RENTAL DATA

Rental data comparables selected should be the most recent rental projects developed, that are known, that a tenant would have given consideration to renting. For these to be comparable, they should be similar in size, age, location and within the same type of economic market area, but not necessarily in the same town.

*Potential gross income.* Determine this, using monthly rents and number of units. Monthly rents may equate with market rents, which are those paid to the landlord, whether paid by the tenant, tenant plus a subsidy or all subsidy, that are used by the owner to pay project expenses at the note rate of interest. The use of market rents located within the subject property area of comparable economic area outside of the local area acceptable. Use relevant adjustments if applicable, i.e.. tenant desirability, age, mix, size, location, quality, economics, utilities, amenities, etc.

*General comment.* At this time, discuss how interest credit subsidy may improve rent-up and increase the waiting lists of tenants for the project. Discuss the reconciliation determination for the comparable rental projects, on a dollar per square foot basic, for each of the bedroom types.

## PART K-MONTHLY RENT SCHEDULE-SUBJECT PROPERTY

*Economic rents.* Use rents taken from the typical rental market as determined in PART J, that the tenant would have an opportunity to consider. Show the rental amount proposed at 1 percent interest rate (agency basic rent) as it compares to typical market rents for this project. This should be the only place in the appraisal where basic rent value are discussed and where.

*Schedule rents.* Schedule rent is rent charged based on circumstances of an owner and should not be included unless typical rents in the market area are not available. In depressed areas or high cost areas schedule rent may be all that is available and should always be explained. In 'CALCULATIONS FOR THE VALUE OF THE SUBSIDY WITHIN THE INCOME APPROACH,' the Agency interest credit subsidy is calculated from economic and schedule rents.

## PART L-MARKET APPROACH

When selecting comparables for market approaches use arms length sales. Agency new construction financing is not considered appropriate data to be utilized for comparables sales. Use only sales transactions of projects in which the sales has been closed. However, if a listing is proposed it may be used provided an explanation and justification are clear. It should be remembered that a listing will indicate the high side for the sale price of a project. Market approach will provide total cost per square foot, gross income multiplier (GIM) and capitalization rate to justify the indicated value of the market.

*Subject property.* Indicated values are based on the information from the comparable sales.

*Comparables.* Show the data from a minimum of the three comparables sales. Situations may warrant additional comparable properties to be listed.

*Vacant units.* Indicate the units from the comparable sales and rentals in the market.

*Gross annual income.* This is the 'Potential Gross Income' for the subject based on the typical income from the comparables sales and rental projects. When gross income from the comparable sales is difficult to determine, the use of gross income from PART K may be used.



**PART I. COST APPROACH**

LAND VALUE ESTIMATE: *(Include comparable land data if available and appropriate for this appraisal)*

ITEM	COMPARABLE NO. 1	COMPARABLE NO. 2	COMPARABLE NO. 3
Address or Location			
Proximity to subject			
Zoning			
Dimensions or Size			
Shape			
Topography			
Utilities			
Location			
Sale Price			
Date of Sale			
Price per sq. ft. or unit			
Comparison to subject			
Indicated per sq. ft. or per unit value of subject			

Comments and Reconciliation:  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

Estimated Land Value: \$ \_\_\_\_\_ per \_\_\_\_\_ or \$ \_\_\_\_\_

**IMPROVEMENTS-ESTIMATED REPRODUCTION COST NEW**

Source of Cost Data: <i>(Optional)</i>	_____ Sq. Ft. @ \$ _____	\$ _____
	_____ Sq. Ft. @ \$ _____	\$ _____
	_____ Sq. Ft. @ \$ _____	\$ _____
	_____ Sq. Ft. @ \$ _____	\$ _____
	_____ Sq. Ft. @ \$ _____	\$ _____
	Carports _____ Sq. Ft. @ \$ _____	\$ _____
	Porches, patios, balconies, stairs, etc. _____	\$ _____
	Fences, walls _____	\$ _____
	Paving, walks and lighting _____	\$ _____
	Landscaping _____	\$ _____
	Recreational facilities _____	\$ _____
	_____	\$ _____
	_____	\$ _____
	Total Estimated Reproduction Cost New of Improvements _____	\$ _____
	Less Total Obsolescence _____	\$ _____
Add Estimated Land Value _____	\$ _____	
Indicated Value by the Cost Approach	\$ _____	
Rounded to	\$ _____	

Comment, including explanation of obsolescence: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

*Gross income multiplier.* The gross multiplier (GIM) is determined from the comparable sales and utilized to provide GIM for the subject. This is one of the most stable indicators used for analyzing the amount the purchaser or developer will pay for a project.

*Net annual income (also referred to as NOI).* This is the first year projected net income for the project and should be based on the comparables.

*Expense percentage.* This percentage is calculated by dividing the projected operating expense by the projected gross income.

*Overall capitalization rate (OAR).* Comparables sales, band of investment, and other investment with similar risk are acceptable methods in calculating OAR. Capitalization rates determinations must be justified and documented.

*Price per unit.* Base this value on the comparables.

*Price per room.* Base this value on the comparables.

*Price gross building area.* Base this value on the comparables.

*Comments.* Discuss how the above figures were determined and which is the best indicator of value.

*Comparison to subject.* Make adjustments, if applicable, on a consistent basis throughout the appraisal by using dollars/sq. ft., or percentage converted to dollar, for all relevant variables, such as time, location, size, age, mix, financing, quality and/or condition, design, economic, etc.

*Value indicators for the subject property.* The subject value indicators are determined from the values calculated after the adjustment have been made for indicated GIM, indicated value per unit, indicated value per room, indicated value per sq. ft. of gross building area, and indicated overall capitalization rate.

*Reconciliation.* Tell "how and why" the indicated values were determined. The indicated value, determined from the adjustment calculations of the comparables in this PART, should support the value previously calculated.

#### PART M- ANNUAL EXPENSE ANALYSIS

*Item column.* Use the expense items listed and add those that are not shown.

*Actual proposed column.* Indicate the project's actual or proposed expense.

*Appraiser's forecast column.* Indicate the typical expense for similar project. The project expense may be taken from Agency RRH annual reports and similar information from sales of commercial as well as Agency MFH project.

*Appraiser's calculations or comments.* Explain how the typical expense were determined for each line item, whether tenant or owner pays the item, and other information necessary to clarify how the budget was developed.

Items #1-6 - Use typical expenses for comparable size projects in similar economic areas. Agency actual operating expenses from similar successful rental units is acceptable for this purpose.

Item # 7 - Show the appropriate depreciation replacement expense for carpets, applicances, drapes, and other furnishings. This does not include the major building replacement expenses.

Item #8 - Show typical expense if necessary.

Item #10-15 - Contact the utility companies for the local expense in the area and explain who pays the utilities for the project.

Item #16-21- Review the Management Agreement: these should be in accordance where a management firms is used, otherwise use typical management expenses or charges for these items from the area.

**PART J. COMPARABLE RENTAL DATA**

Comparables selected are the most recent rentals, similar and proximate, known to the undersigned, that a tenant of subject property would have given consideration to renting.

ITEM	COMPARABLE NO. 1				COMPARABLE NO. 2				COMPARABLE NO. 3			
Address												
Proximity to subj.												
Map code												
Date of rental survey												
Brief description of property improvements	No. Units ____ No. Vac. ____ Yr. Blt ____				No. Units ____ No. Vac. ____ Yr. Blt ____				No. Units ____ No. Vac. ____ Yr. Blt ____			
Quality & condition	Quality: ____ Condition: ____				Quality: ____ Condition: ____				Quality: ____ Condition: ____			
Individual unit breakdown	Unit Rm. Count	Size Sq. Ft.	Monthly Rent		Unit Rm. Count	Size Sq. Ft.	Monthly Rent		Unit Rm. Count	Size Sq. Ft.	Monthly Rent	
	Tot. BR b		\$	per sq. ft.	Tot. BR b		\$	per sq. ft.	Tot. BR b		\$	per sq. ft.
				€				€				€
				€				€				€
				€				€				€
				€				€				€
				€				€				€
Utilities, appliances and amenities included in rent												
Comparison to subject												

General comments (including any rental concessions) if applicable: \_\_\_\_\_

**PART K. MONTHLY RENT SCHEDULE – SUBJECT PROPERTY**

\*Rental schedule is shown by type of units. Scheduled rents are actual rents for an existing property, or projected rents for a proposed or incomplete building.  
 \*\*Economic rents are forecasted rents to indicate the fair market rental the subject units would command if available for rent on the open market.

No. of Units	Unit Rm. Count Tot. BR b	Total Rooms	Sq. Ft. Area Per Unit	No. Units vacant	*SCHEDULE RENTS		**ECONOMIC RENTS		
					Per Unit Unfurnished	Total Rents	Per Unit Unfurnished	Total Rents	Per Sq. Ft. or Room
					\$	\$	\$	\$	€/\$
<b>TOTAL</b>						\$		\$	

Item #22-25 - Base the taxes on the estimated assessed value and mill levy calculations from the earlier section of PART M in the appraiser's calculations or comments column.

Item #26-29 - Verify from local agents to indicate current charges.

Items #30 - Agency interest is not an O & M expense.

Item #31-36 - Items such as snow removal, storm clean up, etc.

#### PART N - INCOME APPROACH

*Total gross annual economic income.* Take from Economic Rents in PART K.

*Less forecasted vacancy and collection loss.* Take from previous information in appraisal to arrive at the forecasted collection loss.

*Effective gross annual income.* Subtract vacancy and collection loss from total gross annual economic income.

*Less forecasted annual expenses and replacement reserves.* The annual expenses are the sum of the appraiser's forecasted expenses from PART M plus one year for reserve, based on one percent of the loan amount requested. The percentage value is determined by dividing the sum of the expenses and reserves by the total gross annual economic income shown in the first line.

*Less return on the recapture of depreciated value of furnishing.* Do not complete this space. It should have been included in PART M, item 7.

*Net annual income from real property (NOI)* . This is carried through from the calculations made above.

*Detail mathematics of capitalizing NOI and/or equity (cap rate) build up methods.* Use the space provided to show formulas for band of investment, equity build up, cash flow (calculated from the attached "Calculations for determining subsidy value") and other methods. It may be necessary to show some of the calculations on the back of the form or on another sheet where several methods are used to determine OAR.

*Indicated value by income approach.* Indicate how the value from the income approach of PART N supports the indicated values found in the market approach that were determined from the sales comparisons of PART L.

*Round to the nearest \$500 or \$1,000* based on what is customary in the area.

#### PART Q - RECONCILIATION AND VALUE CONCLUSION

Each of the approaches should have less than ten percent variance. If the variances is ten percent or greater, review each of the approaches to value and make appropriate corrections or document the apparent reasons for the deviation. Generally, the indicated value of the cost approach (PART I) should support the cost/ square foot in PART L of the market approach and should usually be comparable when the subject property has an effective age of less than 5 years and is well maintained. Generally, the indicated value by the income approach (PART N) should support the value determined (not necessarily the percentage rate figure) by GIM and capitalization rate in PART L.

*Final reconciliation.* Tell how and why the estimated value was determined and which of the three approaches were given the most weight for deriving the final estimated value.

OTHER MONTHLY INCOME

Parking ..... \$ ..... \$ .....  
 Laundry Income ..... \$ ..... \$ .....  
 Commercial Space ..... \$ ..... \$ .....  
 ..... \$ ..... \$ .....  
 ..... \$ ..... \$ .....  
 Total Gross Monthly Income ..... \$ ..... \$ .....  
 Total Gross Annual Income ..... \$ ..... \$ .....

Utilities included in scheduled (actual) rents:  Water  Gas  Heat  Electric  Air Conditioning  \_\_\_\_\_  
 Utilities included in economic rents:  Water  Gas  Heat  Electric  Air Conditioning  \_\_\_\_\_

If proposed project or project under construction, the rent up time necessary, after completion, to lease 80% of the units at the projected economic rents is estimated to be \_\_\_\_\_ months.

Comments (including any rental concessions in scheduled rents, or anticipated in economic rents; if none, so state) \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

**PART L. MARKET APPROACH**

The market data selected are the most recent sales of properties, similar and proximate to subject, known to the appraiser, that a buyer of subject property would have given consideration to purchasing. In the absence of actual sales, listings of comparable properties may be used but an explanation must be included in the "Comments" section below.

ITEMS	SUBJECT	COMPARABLE NO. 1	COMPARABLE NO. 2	COMPARABLE NO. 3
Address				
Proximity to subj.				
Map Code				
Lot Size				
Brief description of building improvements	No. Units:___ No. Vac.:___ Year Built: 19___	No. Units:___ No. Vac.:___ Year Built: 19___	No. Units:___ No. Vac.:___ Year Built: 19___	No. Units:___ No. Vac.:___ Year Built: 19___
Quality				
Condition				
Recreational facilities				
Parking				
Tenant desirability				
Unit breakdown	No. of Units	No. of Units	No. of Units	No. of Units
	UNIT RM. COUNT	UNIT RM. COUNT	UNIT RM. COUNT	UNIT RM. COUNT
	Tot. BR b	Tot. BR b	Tot. BR b	Tot. BR b
Util. paid by owner				
Data source				
Sale Price	\$	\$	\$	\$
Date of sale				
Terms (including conditions of sale and financing terms)				

*Conditions and requirements of appraisal.* A comment such as the following should be used within this block: “to keep this estimated final value for the subject property, it is necessary that the requirements shown ;Contingent and limiting conditions”, be completed. The appraiser will complete item v9, indicating the data and architectural firm who provided the plans a specifications used to support the appraisal. The appraiser will include in this block the maximum debt limit (MDL) for the loan, (calculate as 97% of the appraiser’s estimated value which includes the proposed interest for the loan) Some of these requirements may include: drainage requirements, soil retention barriers, removal of safety hazards and old buildings, fencing necessary for security and safety, etc.

*Date and signature of appraiser.* Date and sign the appraisal as of the last date the appraiser was on the site. The second signature line should be used when another appraiser assisted in completing the appraisal.

*Date and signature of review appraiser.* Leave blank. This block will be completed by Agency officials

Complete as many of the following items as possible using data effective at time of sale

Gross Annual Income	\$	\$	\$	\$
Gross Ann. Inc. Multi. (1)	%	%	%	%
Net Annual Income	\$	\$	\$	\$
Expense Percentage (2)	%	%	%	%
Overall Cap. Rate (3)	\$	\$	\$	\$
Price per unit	\$	\$	\$	\$
Price per room	\$	\$	\$	\$
Price gross bldg. area	\$ / sq. ft. bldg. area	\$ / sq. ft. bldg. area	\$ / sq. ft. bldg. area	\$ / sq. ft. bldg. area
COMMENTS				
COMPARISON TO SUBJECT				
VALUE INDICATORS FOR THE SUBJECT PROPERTY	Indicated Gross Income Multiplier _____ X Gross Annual Economic Income \$ _____ \$ _____			
	Indicated Value Per Unit \$ _____ X _____ Units ..... \$ _____			
	Indicated Value Per Room \$ _____ X _____ Rooms ..... \$ _____			
	Indicated Value Per Sq. Ft. of Gross Bldg. Area \$ _____ X _____ sq. ft. Bldg. Area ..... \$ _____			
	Indicated Overall Capitalization Rate ..... %			

(1) Sale Price ÷ Gross Annual Income (2) Total Annual Expenses ÷ Total Gross Annual Income (3) Net Annual Income ÷ Price  
 RECONCILIATION: \_\_\_\_\_

INDICATED VALUE BY MARKET APPROACH ..... \$ \_\_\_\_\_  
 Rounded to ..... \$ \_\_\_\_\_

COMMENTS: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

**PART M. ANNUAL EXPENSE ANALYSIS**

ITEM	<input type="checkbox"/> ACTUAL 20____ <input type="checkbox"/> PROPOSED	APPRaiser'S FORECAST	APPRaiser'S CALCULATIONS OR COMMENTS
Annual Operational & Maintenance Expenses:			
1. Caretaker .....	\$	\$	
2. Supplies .....			<input type="checkbox"/> Actual <input type="checkbox"/> Est. Total Assessed Value \$
3. Painting and Decorating ( <i>Interior only</i> ) .....			% of Value Tax Rate Per \$100 \$
4. General Maintenance and Repairs .....			
5. Grounds Maintenance .....			
6. Services .....			
7. Appliance and Furnishing Replacements .....			
8. Miscellaneous Operating Expenses .....			
9. Sub-total Maintenance & Operating (Total lines 1 thru 8) .....			

10. Electricity .....	\$	\$	
11. Water .....			
12. Sewer .....			
13. Heating fuel/other .....			
14. Garbage and Trash Removal .....			
15. Sub-total Utilities (Total lines 10 thru 15) .....			
16. Manager (Salary .....			
Apt. Allowance .....			
17. Management Fees .....			
18. Accounting-Auditing .....			
19. Legal .....			
20. Other Administrative Expenses .....			
21. Sub-total Administrative (Total lines 16 thru 20) .....			
22. Real Estate Taxes .....			
23. Special Assessments .....			
24. Other Taxes, Fees and Permits .....			
25. Sub-total Taxes (Total lines 22 thru 24) .....			
26. Property Insurance .....			
27. Compensation .....			
28. Bond Premiums .....			
29. Sub-total Insurance (Total lines 26 and 28) .....			
30. Interest Expense (Other than Rural Development) .....			
31. Other Expenses .....			
32. ....			
33. ....			
34. ....			
35. ....			
36. ....			
37. Sub-total Other Expenses (Total lines 30 thru 34) .....			
38. TOTAL Operational and Maintenance Expenses (Total lines 9, 15, 21, 25, 29 and 37) .....	\$	\$	

Comments (identify items by number): \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

**PART N. INCOME APPROACH**

Total Gross Annual Economic Income (See Rent Schedule) .....	\$	_____
Less Forecasted Vacancy and Collection Loss .....	( _____ % )	\$ ( _____ )
Effective Gross Annual Income .....		\$ _____
Less Forecasted Annual Expenses and Replacement Reserves ( _____ % of Total Gross Annual Economic Income) .....		\$ ( _____ )
Net Annual Income from Total Property .....		\$ _____
Less Return on and Recapture of Depreciated Value of Furnishings (\$ _____ @ _____ % ) .....		\$ ( _____ )
Net Annual Income from Real Property .....		\$ _____
Detail clearly method and mathematics of capitalizing Net Annual Income from Real Property _____		
_____		
_____		
INDICATED VALUE BY INCOME APPROACH .....	\$	_____
Rounded to .....	\$	=====



**PART O. RECONCILIATION AND VALUE CONCLUSION**

Indicated Value by the Cost Approach ..... \$ \_\_\_\_\_

Indicated Value by the Market Approach ..... \$ \_\_\_\_\_

Indicated Value by the Income Approach ..... \$ \_\_\_\_\_

FINAL RECONCILIATION: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

CONDITIONS AND REQUIREMENTS OF APPRAISAL (include required repairs, replacements, painting, termite inspections, etc.):  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

VALUATION: This Appraisal is based upon the definition of Market Value, the Certification, the Contingent and Limiting Conditions, and the requirements that are stated in this report

As a result of my investigation and analysis, my estimate of Market Value of the subject property as of \_\_\_\_\_, 20\_\_ is

\$ \_\_\_\_\_

Date \_\_\_\_\_ Appraiser \_\_\_\_\_

*If applicable, complete the following:*

Date \_\_\_\_\_ Appraiser \_\_\_\_\_

Date \_\_\_\_\_  Supervising or  Review Appraiser  
 Did  Did not physically inspect property

CONTINGENT AND LIMITING CONDITIONS: The certification of the Appraiser appearing in this Appraisal Report is subject to the following condition and to such other specific and limiting conditions as are set forth by the Appraiser in the report.

1. The Appraiser assumes no responsibility for matters of a legal nature affecting the property appraised or the title thereto, nor does the Appraiser render any opinion as to the title, which is assumed to be good and marketable. The property is appraised as though under responsible ownership.
2. Any sketch in this report may show approximate dimensions and is included to assist the reader in visualizing the property. The Appraiser has made no survey of the property.
3. The Appraiser is not required to give testimony or appear in court because of having made this Appraisal with reference to the property in question, unless arrangements have been previously made therefor.
4. The distribution of the total valuation in this report between land and improvements applies only under the existing program of utilization. The separate valuations for land and building must not be used in conjunction with any other Appraisal and are invalid if so used.
5. The Appraiser assumes that there are no hidden or unapparent conditions of the property, subsoil, or structures which would render it more or less valuable. The Appraiser assumes no responsibility for such conditions or for engineering which might be required to discover such factors.
6. Information, estimates, and opinions furnished to the Appraiser, and contained in this report, were obtained from sources considered reliable believed to be true and correct. However, no responsibility for accuracy of such items furnished the Appraiser can be assumed by the Appraiser.
7. Disclosure of the contents of this Appraisal report is governed by the By-laws and Regulations of the professional appraisal organizations with which the Appraiser is affiliated.
8. Neither all nor any part of the contents of this report, or copy thereof (including conclusions as to property value, the identity of the Appraiser, professional designations, reference to any professional appraisal organizations) shall be used for any purposes by anyone but the mortgagee or its successors and assigns, mortgage insurers, consultants, professional appraisal organizations, any state or federally approved financial institution, any department agency, or instrumentality of the United States or of any State or of the District of Columbia, without the previous written consent of the Appraiser; nor shall it be conveyed by anyone to the public through advertising, public relations, news, sales, or other media, without the written consent and approval of the Appraiser.
9. On all Appraisals involving proposed construction, the Appraisal Report and value conclusion are contingent upon completion of the proposed improvements in accordance with the plans and specifications prepared by \_\_\_\_\_ with a last revision date of \_\_\_\_\_ which have been initialed and dated by the Appraiser.