

# Kirchmeyer Klips

"A publication for people in the mortgage industry"

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## Dates to remember...

Important dates missing? Email [Klips@kirchmeyer.com](mailto:Klips@kirchmeyer.com)

**Aug 8 - 10... Appraisal Today 2005 Conference**  
San Francisco, CA  
[www.appraisaltoday2005.com](http://www.appraisaltoday2005.com)

**July 27-29... BNAR and the Builders Association**  
Annual Golf Outing  
Lancaster Country Club, NY  
[www.bnar.org](http://www.bnar.org)



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Aug 2005

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Issue #84



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Publisher...Jim Kirchmeyer / Research...Tom Kirchmeyer, SRA / Layout...raspberry graphics

# New URAR Form Lurking Around the Corner

By Thomas J. Kirchmeyer, SRA

As most of you already know, the revised Uniform Residential Appraisal Report (URAR - Fannie Mae Form 1004), dated March 2005, is required to be used by all appraisers (for secondary market lender use) as of November 1, 2005. The mandatory form can be reviewed, in its entirety, at [www.kirchmeyer.com](http://www.kirchmeyer.com) and clicking on the Current KA News link at the top of the page.

**“There are many changes that you should be aware of and below are my top 5 highlights”...**

**1** The former URAR form was an all purpose form. The revised URAR is designed, per FNMA and Freddie Mac, for mortgage finance transactions only. Some appraisers (and also the Appraisal Institute) are developing a form to be used when completing appraisals on non-mortgage finance assignments, such as for matrimonial, litigation, estates, private appraisals, etc. I will guess that some appraisers will use this form to complete non-mortgage finance appraisals by adding a disclaimer in their reports.

**2** The revised URAR eliminates the requirement of the cost and the income approaches to value and relies solely on the sales comparison approach as this approach is generally the most reliable indicator of value for 1-4 family homes. If the cost and income approaches ARE NOT relevant to the assignment, the report will be considered a Complete Appraisal, Summary Report. If one or both ARE relevant, then the appraiser must either include them (on page 3 of 6) or consider the report a Limited Appraisal, Summary Report.

**3** The revised URAR states that if any portion of the subject site is in a flood hazard area, the appraiser is to mark YES. On the prior form, the appraiser only stated that the improvements were or were not in a flood hazard area.

**4** The revised URAR makes it clear that the appraiser is to research, analyze, and report on the sale (or transfer) history for the subject property (3 years) and the comparable sales (1 year). The appraiser must also state if the subject property is currently offered for sale or has been in past year. The appraiser must analyze and comment on all prior sales in a new section under the sales grid. Also, if the appraisal is for a purchase, the appraiser must fill out the

new CONTRACT section on page 1 of 6 and analyze and comment on the actual contract of sale. Increased commenting on prior sales will help the appraiser, lender, and FNMA/Freddie Mac address any concerns of possible flip transactions.

**5** The following statement has been added to the Statement of Assumptions and Limiting Conditions in order to prevent client pressure on the appraiser (see page 5 of 6, #18):

My employment and/or compensation for performing this appraisal or any future or anticipated appraisals was not conditioned on any agreement or understanding, written or otherwise, that I would report (or present analysis supporting) a predetermined specific value, a predetermined minimum value, a range or direction in value, a value that favors the cause of any party, or the attainment of a specific result or occurrence of a specific subsequent event (such as approval of a pending mortgage loan application).

**NOTE:** Next month I will review the revised 2055 form which is designed for use only as a driveby reporting form - all interior appraisals must be completed, per FNMA and Freddie Mac, on the revised URAR beginning 11/1/2005.

## FHA Appraisal Forms Update

On March 24, 2005, Fannie Mae released new and revised appraisal reporting forms. All Federal Housing Administration (FHA) Roster Appraisers are instructed to continue to use the existing (pre March 2005) Fannie Mae reporting forms until further notice. FHA will be adopting, at a date to be announced, the following Fannie Mae appraisal

reporting forms, which must be used when appraising the following specific property types:

1. Uniform Residential Appraisal Report (Fannie Mae Form 1004) for all 1 and 2 unit single family dwellings
2. Manufactured Home Appraisal Report (Fannie Mae Form 1004C) for all manufactured homes
3. Individual Condominium Unit Appraisal Report (Fannie Mae Form 1073) for all condominium units
4. Small Residential Income Property Appraisal Report (Fannie Mae Form 1025) for 3 and 4 unit single family dwellings

For non-FHA appraisal work, Kirchmeyer will adopt all 11 revised forms on 11/1/2005, as required by Fannie Mae and most lenders. To view all of the revised appraisal forms, visit [www.kirchmeyer.com](http://www.kirchmeyer.com) and click the Current KA News link.

## Attention Clients!

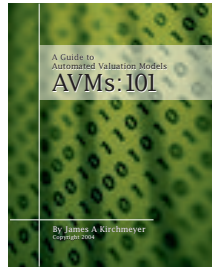
Do you ever need a copy of an appraiser's license? Kirchmeyer & Associates typically includes a copy of this document with our appraisals per the client's request. But what if you lost it or have a lender looking for a copy of it. There is now an easier method of getting a PDF copy! You can now view/print it at any time 24/7, directly from our website.

### Here is how it works:

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## Employee Spotlight



## Maricela Hernandez

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**POSITION :** Accounting Assistant

Marti has been with KA for 2 1/2 yrs as an accounting assistant handling both Accounts Receivable and Accounts Payable for Kirchmeyer & Associates and Real-Info.

Marti moved here from Arizona 7 yrs ago and to this date, she still can't get used to the cold winters here in Buffalo.

When not at work she enjoys hanging out with friends, shopping, or reading a good book.

