AppraisalINsight

Index Risk Report

Client: Masterserv Financial Inc
Date: 05/02/2017

Appraiser:
Product: C3A QC
Appraisal Date: 03/09/2017
Appraised Value: $185,000

Risk Adjusted Score

Report is: Reliable

860

Poor   Moderate   Good

Appraisal Valuation Score

Value is: Moderately Supported (May need review)

749

Poor $133,627   Good $219,093   Poor

, Ambler, PA 19002

$185,000
Appraised Value

Prior Sales Date	Prior Sales Price
09/29/2008	$147,500

Report Overview

The AppraisalNsight report provides overall scores for risk and variances that identify sub-standard best practices in reporting, disclosures and/or inconsistencies in the appraisal that may not comply with USPAP and/or GSE Property and Neighborhood Guidelines possibly resulting in loan repurchase. The indices derived are flagged and scored using unbiased statistical weighting factors that apply to the overall Risk and Value scores. This report gives the reader a thorough review of the appraisal. Investors can be assured an objective and transparent analysis was performed by an independent third party. The report is best utilized during pre-loan approval and before the loan is delivered to CU and/or the investor, however, it also functions well as a post funding QC tool.

Comprehensive Data | Data Precision | Reliable Valuation | Collateral Assessment | Neighborhood Assessment

Major Findings

❌ **Comparable sales have varied upward or downward net adjustments (not all + or all -)**
When adjustment for all comparable les are upward or downward it can create progressive or regressive conclusions in value. The report should explain a progressive or regressive comp data set was used.

❌ **Appraiser's Opinion of value is not greater than the non-closed sales adjusted value**
Comparable sales physical characteristics, GLA, Bed, Bath, Age, Lot size should be similar to the subjects and bracket if possible. Bracketing on price is false logic.

❌ **At least one comparable with the same view fully supports appraiser's opinion of value.**
Appraisal discuss what quantitative process was used to estimate the impact on value

⚠️ **There are at least a minimum of 5 comparables provided**
Appraiser did not provide a minimum of 5 comparables in the appraisal.

⚠️ **After the first 3 comparables there are at least 2 non-closed (Active or Contract) comparables provided**
Appraiser did not provide a minimum of two non-closed sales.

⚠️ **Appraiser's Opinion of value is equal to or less than two of the closed sales adjusted values**
Comparable sales are adjusted to the subject, there is no USPAP or GSE requirement one or more sales must be less than, equal to higher than the appraised value. The range of the adjusted values should be less than the range of unadjusted value and the subject's value should fall inside the range. The comparable properties with the most similar property characteristics should be given the most weight and if similar will also have the least adjustments.
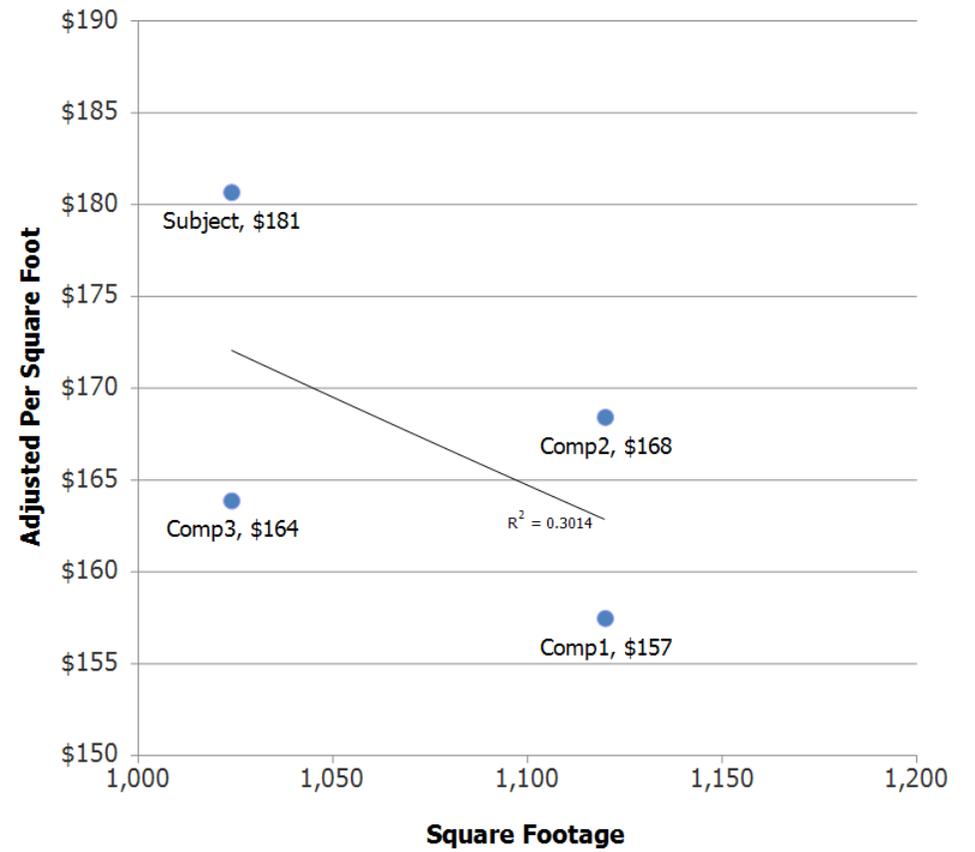
Trend Lines - Adjusted Comp Analysis

Trend lines are used to visualize valuation confidence. Chart 1 is the unadjusted comps. Chart 2 is the adjusted amounts and includes the subject estimated value but also shows the comparable sales that after adjustments are outliers that may be causing any Warning Flags to trigger. These are identified in the Data Description Matrix below. The R2 from Chart 1 to chart 2 should increase, when it doesn't the adjustments made may not be credible.

$ Square Foot

Comp3, $190
Comp2, $183
$R^2 = 0.4804$
Comp1, $163
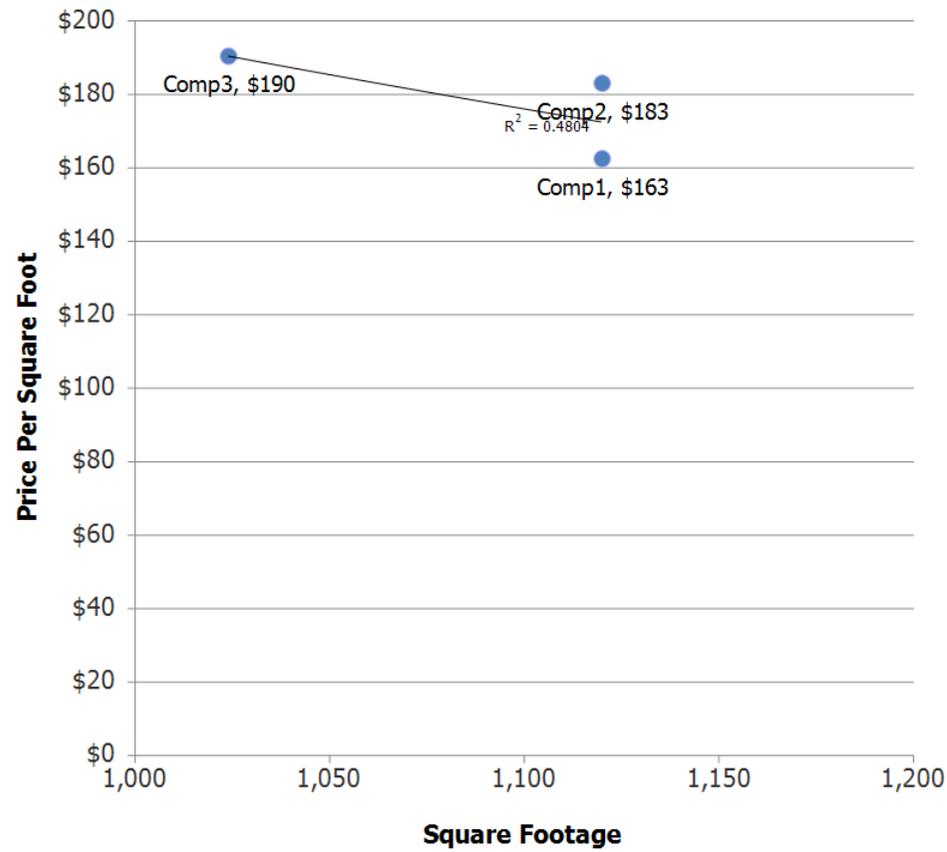
$ Adjusted Square Foot + Subject

Subject, $181
Comp2, $168
Comp3, $164
$R^2 = 0.3014$
Comp1, $157

Appraised Value vs. Distribution

Bar charts are used to visualize distribution. The chart below shows how the appraised value compares to the Mean of the Low to High Value Range. Ideally the appraised value should be within 10% of the Mean. When it is greater than 10% or outside of the range it could trigger Risk Flags that comparable sales used do not meet model comparable sales.

#	Property Type	Sales Price	Adj Price	Square Footage	Price / Sq Ft	Adj Price / Sq Ft	Variance
1	Subject	$0	$185,000	1,024	$0	$181	0%
2	Comp1	$182,000	$176,360	1,120	$163	$157	103%
3	Comp2	$205,000	$188,625	1,120	$183	$168	109%
4	Comp3	$195,000	$167,800	1,024	$190	$164	116%
	STD	$11,533	$10,467				

	Value
Low	$165,750
Mean	$177,595
Appraised Value	$185,000
Value	$189,440
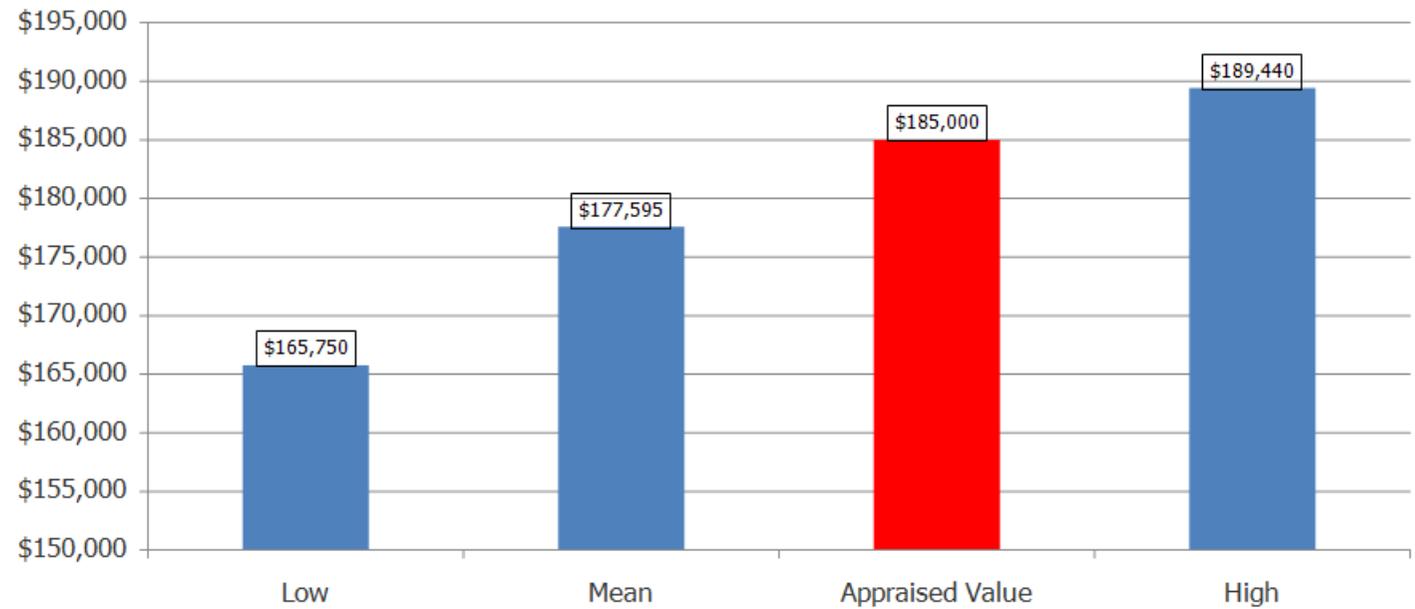
Appraisal Analytics

Valuation Confidence Score	The valuation confidence score is developed using data provided in the appraisal report by the appraiser. When the adjusted confidence score is lower than the unadjusted score the adjustments applied may not be credible and may cause a Collateral Underwriter Value Risk Flag to trigger. When the Confidence score is below 80% it suggests a diverse market with that may not be conforming. The appraisal should be reviewed by qualified staff or obtain a desk review from a locale appraiser.

	Pre Adjusted	Post Adjusted
Valuation Confidence	0.815366974	0.838723436
Confidence Score	63%	68%

Standard Deviation Analysis	A standard deviation measures Variance. The adjustment process should reduce Variance. When the Standard Deviation increases after adjustments this could cause the Collateral Underwriter Do Not Meet Peer or Model Adjustments Risk Flag to trigger. When the Standard Deviation is greater than 25% comparable sales may not be similar to the subject due to Market Constraints. The appraisal should be reviewed by Qualified Staff or obtain a desk review from a locale appraiser.

	Pre Adjusted	Post Adjusted
Mean	194,000	177,595
Standard Deviation	11,533	10,467
Standard Deviation %	6 %	6 %

Comprehensive Data : Low Risk   938

Measures the thoroughness of the appraisal and compliance with regulations and rules. This component evaluates for missing data critical to the decisioning process. In addition, the appraisal is thoroughly checked for blank fields, required fields, cross-validation of data, and existence of data based on the loan type, property type, location and many other factors that impact the underwriting, closing schedules, and formatting decisioning process.Furthermore, any issue that might trip an investor's rules or acceptance, fields required for specific report types, and more.

❌ **There are at least a minimum of 5 comparables provided**
Appraiser did not provide a minimum of 5 comparables in the appraisal.

❌ **After the first 3 comparables there are at least 2 non-closed (Active or Contract) comparables provided**
Appraiser did not provide a minimum of two non-closed sales.

Data Precision : Low Risk   862

In addition to ensuring all the required data is present, data precision is also critically important to the decisioning process.The Precision Component Score is based on a thorough verification of variables, cross verification, consistency with previous appraisal data, along with the impact of any missing or inaccurate data contained in the appraisal. Examples include consideration of value adjustments, consistency with previous appraisals, relevance of comparable properties, a wide range of adjustment values, adjustments all in one direction, confirmation of data with outside information sources, and more.

❌ **At least one comparable with the same view fully supports appraiser's opinion of value.**
Appraisal discuss what quantitative process was used to estimate the impact on value

❌ **There are at least a minimum of 5 comparables provided**
Appraiser did not provide a minimum of 5 comparables in the appraisal.

❌ **After the first 3 comparables there are at least 2 non-closed (Active or Contract) comparables provided**
Appraiser did not provide a minimum of two non-closed sales.

❌ **Comparable sales have varied upward or downward net adjustments (not all + or all -)**
When adjustment for all comparable les are upward or downward it can create progressive or regressive conclusions in value. The report should explain a progressive or regressive comp data set was used.

❌ **Appraiser's Opinion of value is not greater than the non-closed sales adjusted value**
Comparable sales physical characteristics, GLA, Bed, Bath, Age, Lot size should be similar to the subjects and bracket if possible. Bracketing on price is false logic.

❌ **Appraiser's Opinion of value is equal to or less than two of the closed sales adjusted values**
Comparable sales are adjusted to the subject, there is no USPAP or GSE requirement one or more sales must be less than, equal to higher than the appraised value. The range of the adjusted values should be less than the range of unadjusted value and the subject's value should fall inside the range. The comparable properties with the most similar property characteristics should be given the most weight and if similar will also have the least adjustments.

Reliable Valuation : Moderate Risk   749

The Valuation Component in addition to all the other factors and components provides its own set of rules that assess the reliability of the value the appraiser assigned to the subject property. Examples include proximity of comparables, recent market sales, market time, zoning restrictions, and more.The basis and logic used in determining the value, every aspect of the comparable properties, other properties that could have been used as more appropriate, timing of sales, and many other factors are applied to determine the reliability of the valuation.

❌ **Comparable sales have varied upward or downward net adjustments (not all + or all -)**
When adjustment for all comparable les are upward or downward it can create progressive or regressive conclusions in value. The report should explain a progressive or regressive comp data set was used.

❌ **Appraiser's Opinion of value is not greater than the non-closed sales adjusted value**
Comparable sales physical characteristics, GLA, Bed, Bath, Age, Lot size should be similar to the subjects and bracket if possible. Bracketing on price is false logic.

❌ **At least one comparable with the same view fully supports appraiser's opinion of value.**
Appraisal discuss what quantitative process was used to estimate the impact on value

❌ **There are at least a minimum of 5 comparables provided**
Appraiser did not provide a minimum of 5 comparables in the appraisal.

❌ **After the first 3 comparables there are at least 2 non-closed (Active or Contract) comparables provided**
Appraiser did not provide a minimum of two non-closed sales.

☒ **Appraiser's Opinion of value is equal to or less than two of the closed sales adjusted values**
Comparable sales are adjusted to the subject, there is no USPAP or GSE requirement one or more sales must be less than, equal to higher than the appraised value. The range of the adjusted values should be less than the range of unadjusted value and the subject's value should fall inside the range. The comparable properties with the most similar property characteristics should be given the most weight and if similar will also have the least adjustments.

Collateral Assessment : Low Risk   1000

The Collateral Assessment Component considers all factors that impact the marketability of the property. It's a thorough review of the subject property and its improvements, to highlight critical aspects of the property such as type of structure, components, obsolescence, thoroughness, zoning, and more.Examples include high land valuations as a percentage of value, location and structure of the property, age, building materials also are a factor in determining if the valuation is inconsistent with the reliability of the structure.

☒ **No outstanding issues.**

Neighborhood Assessment : Low Risk   1000

What's happening in the neighborhood is also a critical component of the valuation process.The real estate market is all driven by location and these factors must be evaluated to determine that the valuation is reliable. Examples of the factors that impact this score include demographics, the impact of market absorption rates, local economic factors, default and foreclosure rates, consistencies in data between target properties and comparable properties within the report.Examples include: Demand/Supply and pricing trends.

☒ **No outstanding issues.**