



**Appraisal Guidelines**  
Revised 1/1/2012

- I. The appraiser shall be approved in advance by the Lender.
- II. If the loan is to be a portfolio loan, a current narrative appraisal of the security will be required, subject to the uniform standards of appraisal practice promulgated by the Appraisal Standards Board of the Appraisal Foundation.
- III. If the loan is to be a securitized loan, a current FIRREA narrative appraisal of the security will be required, subject to the uniform standards of appraisal practice promulgated by the Appraisal Standards Board of the Appraisal Foundation, and is to be prepared and signed by a member of the American Institute (MAI designation).
- IV. These reports will be at Borrower's expense. The appraisal shall be certified to the Lender. Should the appraisal report evidence that the loan amount set forth in the Lender's loan commitment is greater than 75 percent of the estimated fair market value of the security, the loan amount is to be reduced to 75 percent of the estimated fair market value.
- V. The appraisal shall contain, among other required data, an area zoning map or other description of the subject property's zoning designation and status and locations of major commercial developments in the neighborhood.
- VI. The appraisal shall develop and adequately support the three fundamental approaches to value: the cost approach, the market approach, and the income approach (which shall include a discounted cash flow analysis, unless otherwise agreed to in advance by the Lender). In the event the subject property's age or condition preclude use of the cost approach, the appraiser may omit this approach, but must then include an estimate of insurable value, and include an assigned value estimate of the land.
- VII. The appraiser shall also define the highest and best use of the land as though vacant and as improved.
- VIII. Market rent comparables and expenses used by the appraiser in the approaches to value shall be adequately supported and fully documented.
- IX. The appraisal shall show a final reconciliation.
- X. Copies of the appraisal report shall be submitted in both written and electronic format.