

**Form Follows Function:  
Reporting Market Trend Data Via The URAR and 1004MC**

By:

Tammie L. True  
1317 Farley Ct South  
Arnold, MD 21012  
410-903-1073  
tammietrue@comcast.net

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Theme

Valuing Our World: Challenges Facing The Global Market

Subtopic

Raising The Valuation Profession Through Enhanced Education and Training

## **Abstract**

**“Form Follows Function: Reporting Market Trend Data Via The URAR and 1004MC,”** by Tammie L. True, examines the standards of practice pertaining to research and analysis of market data, specifically in conjunction with the question: does the reporting mechanism in the URAR and 1004MC reliably communicate the intended function; i.e., the reporting of timely, accurate and meaningful market trend data?

Toward that end, the author presents the results of a self-designed 6-year study that examines the market analysis trend data extracted from a sampling of 3,100 URAR reports, dating from 2004 through the first half of 2010. Specifically, the market trend data is examined in relation to the effectiveness of the reporting mechanism to identify and reflect market change in a timely, accurate and reliable manner. As a method for comparing the reliability and effectiveness of URAR form reporting during periods of significant market change, the data is further segregated by effective date into one of the following three timeframes, a) prior to the economic downturn, b) at the height of market decline, c) as well as post implementation of the 1004MC.

Finally, based on conclusions derived from the analysis of this data and in the spirit of “don’t find fault; find remedy,” the author includes a mock report form designed to exhibit for exploration potential changes to form reporting, aimed at facilitating the goal of increasing reliability and timeliness of market trend data provided via residential form reporting.

### **Contact Info:**

Tammie L. True  
1317 Farley Ct South  
Arnold, MD 21012  
Cell: 410-903-1073  
Email: [tammietrue@comcast.net](mailto:tammietrue@comcast.net)

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## **The More Things Change, The More They Stay The Same (Or Do They?)**

The 1980's Savings and Loan Crisis was described as the greatest banking collapse since the Great Depression. Two decades later much the same, and then some, is circulating about the ongoing Great Recession of 2007. And although admittedly different in cause, effect and outcome, one common thread of discourse is strikingly similar: the blame-game. The finger pointing knows no bounds with seemingly plenty of blame to go around including the government, lenders, mortgage industry, investment banks, unqualified homebuyers, as well as over-valued appraisals.

However, as evidenced by the enactment of the Financial Institutions Reform Recovery and Enforcement Act of 1989 (FIRREA), history dictates that calamity often precipitates necessary change. And as further evidenced by the progress made thus far, specifically in terms of the HVCC and the 1004MC, the most effective change stems from the coordinated effort of many. In fact, during an interview by "The National Mortgage Professional Magazine," David H. Stevens, FHA Commissioner, was asked what he thought about the mortgage broker having been "portrayed as a major culprit in the mortgage mess by both the media and select legislators." Stevens responded, "I shudder whenever I see someone point the finger of this housing problem at any one particular area of the market. At the end of the day....we are all responsible."<sup>1</sup> Toward that end, in the words of another whose industry has rivaled the challenges of calamity and change, Henry Ford championed the phrase: "Don't find fault, find remedy."

## **Bursting The Bubble Of Blame**

As the credit crunch in 2007 turned into a full financial meltdown in 2008 ultimately leading to a global recession, not one faction of the financial or housing industry was immune to the fall out. Accepting that "we are all responsible," fosters the realization that we are also inextricably intertwined in terms of both the problem(s) and the solution(s). Leslie P. Sellers, MAI, SRA, President, Appraisal Institute, aptly surmised "Let's not let a good crisis go to waste. The current environment opens doors that might not otherwise be open for us to articulate our profession's importance to good financial decision-making processes."<sup>2</sup>

## **Communicate, Innovate, Educate and Train**

Appraisal quality is critical to the risk management process. “The loss from overvalued properties extends beyond the immediate client, the secondary market, and investors – the profound impact is the effect of overvalued properties on the overall economy and ultimately, the consumer and taxpayers.”<sup>3</sup> Communicating the importance of our profession to good financial decision-making processes begins with quality appraisals, the foundation of which is market analysis. However, one of the most common deficiencies cited by lenders is appraiser misreporting in the neighborhood trends section of the URAR.

While some potentially obvious causes for this deficiency are explored in subsequent pages, consideration of the less-than-obvious begs the question: does the URAR form, now utilized in conjunction with the 1004MC (Market Conditions Addendum), best facilitate the function for which its intended?

For instance, per the FHA Mortgagee Letter dated March 23, 2009, regarding the implementation of the 1004MC, “Although there is no standard industry definition...a declining market is considered to be any neighborhood, market area or region that demonstrates a decline in prices or deterioration in other market conditions as evidenced by an oversupply of existing inventory or extended marketing times. A declining trend in the market will be identified by the conclusions of the 1004MC.”<sup>4</sup>

While the inclusion of the 1004MC succeeded in providing transparency in the reporting of neighborhood trends, the form falls short of facilitating a full assessment of neighborhood trends, most often due to an extreme lack of comparable sales data. Sales data in a declining market is very limited and not always sufficient to fully identify some, or all, of the market trends observed in the neighborhood. Conversely, the neighborhood analysis trend data is based on all sale/listing data in the subject neighborhood, which may include properties that are not directly comparable to the subject. In the neighborhood trend analysis, there is often more data to draw conclusions from as it is based on the typical buyer wanting to live in a specific market

area, which encompasses a variety of homes, commercial uses and similar influence, all of which play a part in understanding market trends.<sup>5</sup> That said, a 1004MC form that incorporated on one page neighborhood trend data from both micro and macro perspectives would be optimal.

### **Market Analysis and 1004MC Data: A Sample Worksheet**

A sample worksheet is included on the following page. The expanded 1004MC format incorporates subject info, as well as macro and micro neighborhood info, in addition to the identification of existing sub-markets. Initially designed to expedite market data collection during the appraisal process, the form is also used for in-house reviews, as well as a teaching tool for trainees.

Most notably, as illustrated by the Case Study included on page nine, incorporating the general neighborhood data along with the subject-specific 1004MC information provides a comprehensive, at-a-glance understanding of market trends for appraisers, underwriters, appraisal reviewers and quality control personnel. Underwriters and appraisal reviewers, especially, have limited time to review appraisal reports and in most cases have limited firsthand knowledge of the subject property's market.

# Sample Worksheet – Figure 1

## WORKSHEET: MARKET ANALYSIS AND 1004MC DATA

Effective Date: _____	Subject Address: _____	Report Type: _____
Subject _____ Neigh Name _____ Style _____ GLA _____ Lot Size _____ Yr Blt _____ Notes _____	Neigh Name _____ No. of Homes _____ Styles _____ GLA Range _____ Lot Sizes _____ Yr Blt _____ Notes _____	Market Area _____ Submarket Type _____ Style(s) _____ GLA Range _____ Lot Size Range _____ Yr Blt _____ Notes _____
	Market Area _____ North _____ East _____ South _____ West _____ Price \$(000) _____ Low _____ High _____ Predom _____	

### GENERAL MARKET DATA

[Housing trends and overall market conditions for the Neighborhood section of the appraisal report form. Includes all sales/listings located in the subject market as defined above.]

03/____/06 - 09/____/06	No. of Sales _____	Sale Price \$ _____ to \$ _____	Median \$ _____	Subsidy \$ _____	DOM _____	% _____	S/S _____	F/C _____
09/____/06 - 12/____/06	No. of Sales _____	Sale Price \$ _____ to \$ _____	Median \$ _____	Subsidy \$ _____	DOM _____	% _____	S/S _____	F/C _____
12/____/06 - 03/____/07	No. of Sales _____	Sale Price \$ _____ to \$ _____	Median \$ _____	Subsidy \$ _____	DOM _____	% _____	S/S _____	F/C _____
Active Listings	No. Listings _____	List Price \$ _____ to \$ _____	Median \$ _____		DOM _____		S/S _____	F/C _____

### 1004MC / PG 2-URAR

[Sales/listings that compete with the subject property, determined by applying the criteria that would be used by a prospective buyer of the subject.]

03/____/06 - 09/____/06	No. of Sales _____	Sale Price \$ _____ to \$ _____	Median \$ _____	Subsidy \$ _____	DOM _____	% _____	S/S _____	F/C _____
09/____/06 - 12/____/06	No. of Sales _____	Sale Price \$ _____ to \$ _____	Median \$ _____	Subsidy \$ _____	DOM _____	% _____	S/S _____	F/C _____
12/____/06 - 03/____/07	No. of Sales _____	Sale Price \$ _____ to \$ _____	Median \$ _____	Subsidy \$ _____	DOM _____	% _____	S/S _____	F/C _____
Active Listings	No. Listings _____	List Price \$ _____ to \$ _____	Median \$ _____		DOM _____		S/S _____	F/C _____

## The Declining Market

As summarized by David Phillips, SRA, in *Appraising In A Declining Market: A Practical Guide For The Residential Appraiser*, “A generation of appraisers has been dealing with rising values. For many, the present situation is the first experience with a declining market.”<sup>6</sup>

This observation is further supported by empirical data collected via an ad hoc study by the author that examines market trend data reported in URAR reports written during 2004 through the first half of 2010. This was a blind study; i.e., only the market analysis sections and pertinent property-specific information were collected. Comprised of properties located throughout the state of Maryland, the reports were written over the course of six years by roughly 27 licensed appraisers, which included Certified General, Certified Residential and Licensed designations.

Specifically, the report data was retrospectively examined in relation to the effectiveness of reporting market trend analysis data via the URAR form during periods of significant market change. The data was further segregated by effective date into one of the following three timeframes: a) prior to the economic downturn [2004-2005], b) at the height of the market decline [2006-2008], and c) post implementation of the 1004MC [2009-2010].

Included on the following page is a matrix of report market trend results.



**Figure 2**

Year	# Reports	Market Data Trend Results			
2004	1097	Property Values	Increasing	Stable	Declining
			100%	--	--
		Demand/Supply	Shortage	In Balance	Over Supply
			25%	75%	--
2005	686	Marketing Time	Under 3 Mos	3-6 Mos	Over 6 Mos
			73%	27%	--
		Property Values	Increasing	Stable	Declining
			100%	--	--
2006	535	Demand/Supply	Shortage	In Balance	Over Supply
			--	100%	--
		Marketing Time	Under 3 Mos	3-6 Mos	Over 6 Mos
			9%	91%	--
2007	404	Property Values	Increasing	Stable	Declining
			25%	75%	---
		Demand/Supply	Shortage	In Balance	Over Supply
			--	100%	--
2008	392	Marketing Time	Under 3 Mos	3-6 Mos	Over 6 Mos
			37%	63%	--
		Property Values	Increasing	Stable	Declining
			10%	67%	23%
2009	297	Demand/Supply	Shortage	In Balance	Over Supply
			--	83%	17%
		Marketing Time	Under 3 Mos	3-6 Mos	Over 6 Mos
			1%	78%	21%
2010	124	Property Values	Increasing	Stable	Declining
			--	81%	19%
		Demand/Supply	Shortage	In Balance	Over Supply
			--	88%	12%
2011	104	Marketing Time	Under 3 Mos	3-6 Mos	Over 6 Mos
			3%	82%	5%
		Property Values	Increasing	Stable	Declining
			--	93%	7%
2012	104MC Introduced	Demand/Supply	Shortage	In Balance	Over Supply
			8%	76%	16%
		Marketing Time	Under 3 Mos	3-6 Mos	Over 6 Mos
			--	100%	--
2013	[Part]	Property Values	Increasing	Stable	Declining
			--	100%	--
		Demand/Supply	Shortage	In Balance	Over Supply
			--	93%	7%
2014	[Part]	Marketing Time	Under 3 Mos	3-6 Mos	Over 6 Mos
			4%	86%	10%

## Market Data Trend Results

Beyond a predominance of reported stabilized market data, the three most notable variances between reported vs. actual market data trends shown on the preceding page occurred during the following periods:

**2006:** Market indicators began to reflect some fluctuation in the market during the first quarter of 2006, specifically in terms of decreasing demand and increasing supply. However, the reported data during 2006 did not reflect a declining market.

**2007:** Reported data for 2007 at first glance appears to reflect a more accurate view of declining market conditions; however, it was noted that the decline reported all occurred within reports written during the last three months of the year.

**2010:** Market indicators continue to fluctuate. There is a growing awareness among appraisers of stabilization occurring within pockets throughout the state.

Also of note, a significant percentage of reports reviewed during the 2008-2009 timeframe included comments stating the subject's neighborhood had suffered from declining values in the past; however, appeared to be stable as of the date of the appraisal. It is presumed that in lieu of a standard methodology for quantitatively assessing the date for a market that is continuing to fluctuate, this statement was considered appropriate. However, this type of statement was red flagged by reviewers and underwriters during the communication exchange for the AI course: *Whatever happened to Quality Assurance In Residential Appraisals: Avoiding Risky Appraisals and Risky Loans*. While these types of statements may be true, they are not viewed as an effective description of the neighborhood.

## Case Study: Figure 3

Included on the following page is a full copy of the case study for a property appraised in 2007 and reported to be located in a neighborhood that was increasing in value.

WORKSHEET: MARKET ANALYSIS AND 1004MC DATA											
Effective Date: 03/27/07	Subject Address: 2007 Any Street, Anytown, MD 21037	Report Type: Conv Refi									
<b>Subject</b> 2007 Any Street - 21037 <b>Neigh Name</b> North Selby <b>Style</b> 2-Sty Colonial <b>GLA</b> 2,565 SF <b>Lot Size</b> 0.34 AC <b>Yr Blt</b> 1997 / 10 Yrs <b>Notes</b> Recent Updates / Good Cond Upgraded Kitchen; Updated Baths 2 Car Garage; No Basement Neigh Water Privileges	<b>Neigh Name</b> North Selby <b>No. of Homes</b> 108 <b>Styles</b> SF Det Varying Styles <b>GLA Range</b> 624 SF to 4,320 SF <b>Lot Sizes</b> 0.11 AC to 0.91 AC <b>Yr Blt</b> 1900 - 2006 <b>Notes</b> Neigh includes inland, waterview and waterfront homes. Neigh water privs = community beach, ramp, pier	<b>Market Area</b> North Selby+One Mile Radius <b>North</b> Glebe Bay <b>East</b> Selby Bay <b>South</b> Rt 214 - Central Ave <b>West</b> Muddy Creek Rd <table border="1"> <thead> <tr> <th>Price \$(000)</th> <th>Age (Yrs)</th> </tr> </thead> <tbody> <tr> <td>Low 280</td> <td>Low 4</td> </tr> <tr> <td>High 1,950+</td> <td>High 80</td> </tr> <tr> <td>Predom 430</td> <td>Predom 11</td> </tr> </tbody> </table>	Price \$(000)	Age (Yrs)	Low 280	Low 4	High 1,950+	High 80	Predom 430	Predom 11	<b>Market Area</b> North Selby+One Mile Radius <b>Submarket Type</b> Water Priv Neigh 21037 <b>Style(s)</b> SFD/Inland Lot/Wtr Priv Neigh <b>GLA Range</b> 1,924 SF to 3,206 SF <b>Lot Size Range</b> Less than 0.50 AC <b>Yr Blt</b> 1990+ <b>Notes</b> SF detached with garage on inland lot; average-to-good condition
Price \$(000)	Age (Yrs)										
Low 280	Low 4										
High 1,950+	High 80										
Predom 430	Predom 11										
<b>Subject Info</b> All pertinent subject info, including additional notes re: amenities, condition, etc is noted in Box 1.	<b>Neigh Name</b> Identifies the number of homes within the immediate subdivision, as well as flags any sub-market. For the reviewer/underwriter that more than likely does not have firsthand knowledge of the subject market, this info is helpful in recognizing the potential for comparables outside the immediate neighborhood. Conversely, if the neighborhood is comprised of 100s of homes, comps located outside the subdivision raise an immediate flag.	<b>Neigh Boundaries And Price/Age Range</b>	<b>Defines Market Area And Comp Search Criteria</b> In this example, the subject is located on a peninsula of land that borders neighboring water-oriented subdivisions located within a one-mile radius.								

# Case Study: Figure 4 (cont)

## WORKSHEET: MARKET ANALYSIS AND 1004MC DATA

Effective Date: <u>03/27/07</u>	Subject Address: <u>2007 Any Street, Anytown, MD 21037</u>	Report Type: <u>Conv Ref</u>
Subject <u>2007 Any Street - 21037</u> Neigh Name <u>North Selby</u> Style <u>2-Sty Colonial</u> GLA <u>2,565 SF</u> Lot Size <u>0.34 AC</u> Yr Blt <u>1997 / 10 Yrs</u> Notes <u>Recent Updates / Good Cond</u> <u>Upgraded Kitchen; Updated Baths</u> <u>2 Car Garage; No Basement</u> <u>Neigh Water Privileges</u>	Neigh Name <u>North Selby</u> No. of Homes <u>108</u> Styles <u>SF Det Varying Styles</u> GLA Range <u>624 SF to 4,320 SF</u> Lot Sizes <u>0.11 AC to 0.91 AC</u> Yr Blt <u>1900 - 2006</u> Notes <u>Neigh includes inland, waterfront</u> <u>and waterfront homes. Neigh water</u> <u>privs = community beach, ramp, pier</u>	Market Area <u>North Selby+One Mile Radius</u> North <u>Glebe Bay</u> East <u>Selby Bay</u> South <u>Rt 214 - Central Ave</u> West <u>Muddy Creek Rd</u> Price \$0000 <u>280</u> Low <u>1,950+</u> High <u>430</u> Predom <u>4</u> Age (Yrs) <u>80</u> Predom <u>11</u>
		Market Area <u>North Selby+One Mile Radius</u> Submarket Type <u>Water Priv Neigh 21037</u> Style(s) <u>SFD/Inland Lot/Wtr Priv Neigh</u> GLA Range <u>1,924 SF to 3,206 SF</u> Lot Size Range <u>Less than 0.50 AC</u> Yr Blt <u>1990+</u> Notes <u>SF detached with garage on</u> <u>inland lot; average-to-good condition</u>

### GENERAL MARKET DATA [Housing trends and overall market conditions for the Neighborhood section of the appraisal report form. Includes all sales/listings located in the subject market as defined above.]

03/ <u>27</u> /06 - 09/ <u>26</u> /06	No. of Sales <u>29</u>	Sale Price \$ <u>273,000</u>	to \$ <u>1,025,000</u>	Median \$ <u>458,900</u>	Subsidy \$ <u>0</u>	DOM <u>36</u>	% <u>97.5</u>	S/S <u>0</u>	F/C <u>0</u>
09/ <u>27</u> /06 - 12/ <u>26</u> /06	No. of Sales <u>19</u>	Sale Price \$ <u>305,000</u>	to \$ <u>1,595,000</u>	Median \$ <u>350,000</u>	Subsidy \$ <u>0</u>	DOM <u>54</u>	% <u>97.0</u>	S/S <u>0</u>	F/C <u>0</u>
12/ <u>27</u> /06 - 03/ <u>27</u> /07	No. of Sales <u>12</u>	Sale Price \$ <u>330,000</u>	to \$ <u>1,800,000</u>	Median \$ <u>485,000</u>	Subsidy \$ <u>0</u>	DOM <u>141</u>	% <u>94.8</u>	S/S <u>0</u>	F/C <u>0</u>
Active Listings	No. Listings <u>36</u>	List Price \$ <u>220,000</u>	to \$ <u>2,749,000</u>	Median \$ <u>399,999</u>		DOM <u>197</u>		S/S <u>1</u>	F/C <u>0</u>

### 1004MC / PG 2-URAR [Sales/listings that compete with the subject property, determined by applying the criteria that would be used by a prospective buyer of the subject.]

03/ <u>27</u> /06 - 09/ <u>26</u> /06	No. of Sales <u>5</u>	Sale Price \$ <u>387,250</u>	to \$ <u>549,000</u>	Median \$ <u>438,000</u>	Subsidy \$ <u>5,500</u>	DOM <u>57</u>	% <u>98.2</u>	S/S <u>0</u>	F/C <u>0</u>
09/ <u>27</u> /06 - 12/ <u>26</u> /06	No. of Sales <u>2</u>	Sale Price \$ <u>415,000</u>	to \$ <u>540,000</u>	Median \$ <u>477,500</u>	Subsidy \$ <u>0</u>	DOM <u>47</u>	% <u>94.9</u>	S/S <u>0</u>	F/C <u>0</u>
12/ <u>27</u> /06 - 03/ <u>27</u> /07	No. of Sales <u>2</u>	Sale Price \$ <u>490,000</u>	to \$ <u>675,000</u>	Median \$ <u>582,500</u>	Subsidy \$ <u>7,500</u>	DOM <u>165</u>	% <u>96.7</u>	S/S <u>0</u>	F/C <u>0</u>
Active Listings	No. Listings <u>16</u>	List Price \$ <u>410,000</u>	to \$ <u>685,000</u>	Median \$ <u>490,250</u>		DOM <u>169</u>		S/S <u>0</u>	F/C <u>0</u>

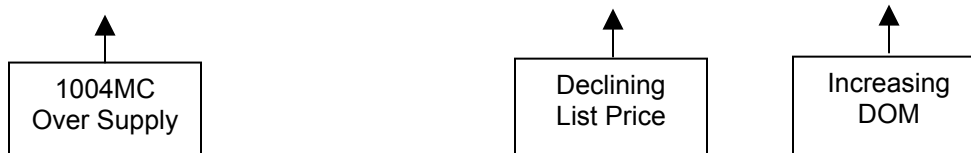
## Case Study: Figure 5 (cont)

**GENERAL MARKET DATA** [Housing trends and overall market conditions for the Neighborhood section of the appraisal report form. Includes all sales/listings located in the subject market as defined above.]

03/ <u>27</u> /06 - 09/ <u>26</u> /06	No. of Sales <u>29</u>	Sale Price \$ <u>273,000</u> to \$ <u>1,025,000</u>	Median \$ <u>458,900</u>	Subsidy \$ <u>0</u>	DOM <u>36</u>	% <u>97.5</u>	S/S <u>0</u>	F/C <u>0</u>
09/ <u>27</u> /06 - 12/ <u>26</u> /06	No. of Sales <u>19</u>	Sale Price \$ <u>305,000</u> to \$ <u>1,595,000</u>	Median \$ <u>350,000</u>	Subsidy \$ <u>0</u>	DOM <u>54</u>	% <u>97.0</u>	S/S <u>0</u>	F/C <u>0</u>
12/ <u>27</u> /06 - 03/ <u>27</u> /07	No. of Sales <u>12</u>	Sale Price \$ <u>330,000</u> to \$ <u>1,800,000</u>	Median \$ <u>485,000</u>	Subsidy \$ <u>0</u>	DOM <u>141</u>	% <u>94.8</u>	S/S <u>0</u>	F/C <u>0</u>
Active Listings	No. Listings <u>36</u>	List Price \$ <u>220,000</u> to \$ <u>2,749,000</u>	Median \$ <u>399,999</u>		DOM <u>197</u>		S/S <u>1</u>	F/C <u>0</u>

**1004MC / PG 2-URAR** [Sales/listings that compete with the subject property, determined by applying the criteria that would be used by a prospective buyer of the subject.]

03/ <u>27</u> /06 - 09/ <u>26</u> /06	No. of Sales <u>5</u>	Sale Price \$ <u>387,250</u> to \$ <u>549,000</u>	Median \$ <u>438,000</u>	Subsidy \$ <u>5,500</u>	DOM <u>57</u>	% <u>98.2</u>	S/S <u>0</u>	F/C <u>0</u>
09/ <u>27</u> /06 - 12/ <u>26</u> /06	No. of Sales <u>2</u>	Sale Price \$ <u>415,000</u> to \$ <u>540,000</u>	Median \$ <u>477,500</u>	Subsidy \$ <u>0</u>	DOM <u>47</u>	% <u>94.9</u>	S/S <u>0</u>	F/C <u>0</u>
12/ <u>27</u> /06 - 03/ <u>27</u> /07	No. of Sales <u>2</u>	Sale Price \$ <u>490,000</u> to \$ <u>675,000</u>	Median \$ <u>582,500</u>	Subsidy \$ <u>7,500</u>	DOM <u>165</u>	% <u>96.7</u>	S/S <u>0</u>	F/C <u>0</u>
Active Listings	No. Listings <u>16</u>	List Price \$ <u>410,000</u> to \$ <u>685,000</u>	Median \$ <u>490,250</u>		DOM <u>169</u>		S/S <u>0</u>	F/C <u>0</u>



A review of the increased median sale price during the most recent quarter for the general neighborhood, as well as the 1004MC, appears to have lead the appraiser to conclude that the subject was located in an increasing market.

However, there is an oversupply of active listings, declining median list price, as well as increasing DOM. Three of the four market indicators, however, reflect a declining market.

**Case Study – Conclusion:** This case study reported an increasing market in the neighborhood trends analysis section of the URAR, while the above data indicates a declining market. The disparity between the market trend conclusions could be due to a number of reasons: appraiser error, inexperience, lack of in depth analysis of market

indicators, etc. However, utilization of a form that better fulfills the function – for the purpose of analysis and reporting – is another step forward in the goal of providing quality appraisal reports. This is especially crucial for in terms of our profession's responsibility for providing accurate data to better meets the needs of the client in terms of risk management.

## References

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<sup>1</sup> Peck, Eric C., *FHA Commissioner Stevens Clears The Air: David H. Stevens details the new RESPA rule and the role of the broker and stabilization in housing*, National Mortgage Professional Magazine, March 1, 2010, <http://nationalmortgageprofesional.com/news16299/fha-commission-stevens-clears-air-details-new-respa-rule-role-broker>

<sup>2</sup> Sellers, Leslie, P., MAI, SRA, President, Appraisal Institute, Crisis Management, Valuation, First Quarter, 2010.

<sup>3</sup> Appraisal Institute. *Whatever Happened To Quality Assurance In Residential Appraisals: Avoiding Risky Appraisals and Risky Loans*. Seminar Handbook, Part 1-3.

<sup>4</sup> Mortgagee Letter 2009-09, March 23, 2009, Adoption of Market Conditions Addendum (Fannie Mae Form 1004MC/Freddie Mack Form 71) and Appraisal Reporting Requirements For Properties Located In Declining Markets.  
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<sup>5</sup> Morrison, Coleen, Maryland Association of Appraisers Continuing Education Course: Use and Completion of Fannie Mae 1004MC, Edition 1.0, February 2009.

<sup>6</sup> Phillips, David, SRA, Appraising In A Declining Market: A Practical Guide For The Residential Appraiser. 2008 [www.AppraisalBuzz.com](http://www.AppraisalBuzz.com)