

## ARE ACI Report Instructions

- The first thing you should do is open up the ARE template and save it as the correct ARE filename as provided on the ARE order. We do not recommend that you use the clone function. Just Save the file as a new report using the ARE filename.
- Once entering the newly saved form please make sure you have selected the latest ARE Picklist to work with.
- Order Form
  - The first section that we use is the order page. This page will help organize the report and allow you to enter information that will be propagated throughout the report.
    - Change the File No: to the correct number
    - Enter the Client File Number as both the Case No: and Client File No:
    - If you use tracking enter an identifier for future searching
    - Propagate the correct Address, City, County, State, Zip, and Subdivision,
    - The census field does not map the ERC form so enter it along with the Map No as shown
    - Enter the Short Legal only if a survey was given at inspection
    - Leave the remaining fields empty and proceed to the Borrower field.
    - Enter the Transferees name in the Borrower Field and the full Owners name in the Owners field. For example the Owner may be SMITH, John but the reported owners may be SMITH, John & Susan.
    - Leave the Ordered, Bill To, and Send To boxes checked
    - Select the client from the ARE propagated picklist as it is shown on the ARE order.
    - Make sure you have the correct Appraiser information in the report.
    - Enter the Order date, Inspection Date and Signed Date fields only.
- ERC Form
  - The first page of the report is never modified by you directly. The responses you input later in the report will make all the changes you need. If you have entered the information into the order the entire top section of this page should already reflect the correct information.
  - Subject Information
    - Transferees name should already be correct.
    - Enter the correct occupant
      - If the transferee has left but the home is fully staged we would consider that still transferee occupied. Vacant is only if the home is completely vacant.
    - Address should be correct already
    - Legal Description should be correct
    - Enter the correct parcel ID
    - Map Reference should already be filled in correctly
    - Property rights will always be Fee Simple

- Check if the home is part of a PUD, Condo or Cooperative
  - If it is a PUD or Home with no Association Leave the remaining fields empty and go to Annual Real Estate Taxes Field
  - If it is a Condo enter the complex name and all the pertinent information.
    - If you cannot get in touch with the Management Agent or they want to charge a fee for the information or you just don't have the information available and you have done a reasonable search including asking the transferee and using search engines to try and find the info; just use UNK in the appropriate fields and move on. The comment field will allow you to select the appropriate comment for the level of detail obtained.
    - You want to check the HUD website to see if the Condo is HUD approved. <https://entp.hud.gov/idapp/html/condlook.cfm>
    - Try to at least get the total number of units and the total floor height even if you have to look at other listed homes in the complex to see if someone has reported it.
    - If you know for sure there is an issue with market rate financing being available check the box and add the appropriate comments. Otherwise mark yes and we will have a generic comment that shifts the responsibility back to the relo company.
- Enter the latest tax bill that is published on-line.
  - Because there will be another appraisal it is important to get the latest tax bill and cite the source correctly. If you used the MLS say so, if you used the Treasurer's Office say that. Just know that this is a sure reviewer's questions if you differ from the other appraisal report.
- Check the appropriate box for taxes if they are typical. In most cases they will be typical unless you really feel that they are out of the ordinary for the market.
- Enter the Assessment fee if the home is part of a PUD or Condo. You may report either monthly and leave it be or if it is paid quarterly or yearly just add the appropriate qualifier ( ie. \$100/Yearly).
- Select the appropriate comments from the picklist based on the type of ownership and modify if needed.
- If the home is listed enter the appropriate data as shown in the template.
  - Try and use the agent's office number and not their cell number.
- Enter the last sale date and price.
- Select the appropriate comment based on whether the home is listed and if it has been reduced during the marketing time.

- Perform a quick search to see if the town the home is located in requires any transfer inspections or stamps. Examples of this would be final water meter reading, basement inspections, or electrical inspections. Title companies usually have a list of these on their web sites.
  - Neighborhood
    - Do not modify the neighborhood boundary field. We will include that in a later addendum field.
    - Check the appropriate boxes for Location type, Built-up, Development Rate, and Change in Present Use. Do not over think these or spend significant resources to obtain the exact figures here. The relo company just wants an overview of the area.
    - Same thing for Present Land Use. These numbers are your estimates based on your knowledge of the market. If you are in more of a rural area you may want to change Vacant to Agricultural if farmland is prevalent in the area.
    - Provide a price range for values in the area. We are looking on a macro level here so select your neighborhood boundaries and identify the low and high prices. They want to know what you think similar houses are going for in the area.
    - Same thing with age, if most of the homes we are competing with are 20 years old but there are some 100 year old homes in your section of town, you can report as this section can differ from the market segment defined on Page 4 and 5.
    - Modify the Neighborhood Characteristics Field in the Addendum Writer.
      - Explain a little bit about the area. The text in the addendum should be a guide. Enter the geographic borders and give the name of the subdivision if appropriate. Find the school district and describe the mix of homes in the area. Make an estimate of broad GLA of homes in the area and name a few nearby amenities such as hospitals, malls, airports, parks.
        - Be careful to make sure you are listing the proper school district and high school. This is an area that the transferee may review and if you make a mistake here it can go a long way toward your credibility as an expert in the area. Transferees expect you to know their area.
    - Rate the neighborhood. Most of the time the neighborhood is average unless you have something significant that sets it apart from other competing neighborhoods. This could be if it is part of superior school district or upper end golf community.
  - Site
    - Enter the site dimensions from the survey or plat maps.

- Your EC will always ask the transferee to have a copy of the survey available for you. If they do not have a copy; try and find this information on-line. Be as precise as possible.
- The software will calculate the site area, however, if it is irregular and the number reported by the assessor differs, always use the assessor's number as you can always cite them as the source and rely on that.
- Always include a flood map from the software or from some other source.
- Include the zoning and if possible a screen capture of the section of the map. This is another area that is important for the relo company and will be looked at closely by the reviewers. There is only one right answer here so be right.
- The present Use is permitted if the use is allowed either Legal or Legal-Nonconforming. Again either a right or wrong answer here.
- Check the appropriate Utilities Boxes. If they are on Well and Septic or use propane for gas, solar or wind for electric, write that in the Describe Field.
- Enter the topography and shape of the lot. We have added some picklist items here. Try and stay with those unless you have something out of the ordinary. Then describe it.
- Enter the view. There are many picklist items here. Select the one or ones that are correct. If none apply follow the pattern and describe as needed.
- Enter the level of landscaping compared to the other homes that your home will be competing with. Remember if most of the homes have extensive landscaping and ours has extensive landscaping than it is average. If the other homes have extensive landscaping ours must have incredible landscaping to be rated Average Plus. You are comparing this to other homes that we are competing with.
- Mark if there are any ADVERSE easements, external conditions or Environmental issues. A home may have an easement and it may not be adverse. Adverse is the market's reaction to it. If you have a shared driveway in town it may not impact the market's perception. That is your call based on your research of the market. You can explain the easement in the Addendum and not mark the box for adverse easement.
  - If you have any external obsolescence you want to check the Adverse External Conditions box. You will explain this in the Site comments section below.
- Enter the street and driveway surface and note the alley surface if appropriate.
- In the addendum write describe the site. List the external amenities like patios, porches, decks, balconies, garages. There are samples for you in the picklists based on the level of home and conditions you may find. If you have a simple, single family home; start there. If you are in an upper bracket home with many amenities select that one first. We then have some additional items for you to select based on common situations you may find. If you have a unique one just modify as needed based on the amenity or the obsolescence.

- Rate the site. Remember that you are comparing the site against other homes in the area. If most of the homes are located on interior wooded lots and yours is located on that than it is average. It must be better than the typical homes in your market.
- Description of Improvements
  - Check and Enter the appropriate information about the subject upgrades. Some of the more important or non-standard fields are described below
    - Enter the age built as reported by the assessor if possible. This is a field that is looked at by the reviewers and you will be questioned if you differ from the other appraiser. If you can cite the assessor you can answer the question simply and easily. Now if you feel the assessor is wrong, state that in your comments and cite your source whatever it may be, Transferee, agent, whomever.
    - Effective age is based on the level of updates done to the home. Usually on a home with no re-modeling the effective age is about half the actual age but that is your call based on your inspection of the home and your understanding of the market.
    - If you are appraising a split level home and have questions, refer to the FAQ's area on the web site for information about how to handle above and below grade living area in a relo.
    - Because we go deeper in-depth in the addendum you do not need to enter everything in this section of the report. Make sure you have checked the appropriate boxes and get to the addendum section.
  - In the Relevant Characteristics section of the addendum writer modify to explain the amenities of the house. Touch on each room with emphasis on the kitchen, family room, and master bedroom/bathrom. Follow the general outline of the template to help speed this section up. We want to make sure the client and transferee who may read the report know that you took a real look at the home. The last paragraph should summarize any upgrades the transferee made to the home during their term of ownership. Your EC will have asked the transferee to prepare this list for you. List everything or if the list is too long, scan it in and refer to it as an addendum. The purpose of this is to make sure the transferee knows you evaluated each upgrade they performed and cannot say you did not consider it in your valuation.
  - In the Personal Property section you want to go to the Addendum Writer and modify the first paragraph of the template based on what the transferee says is staying with the home.
  - Provide your sketch and summarize your Rooms.
    - The GLA is the single most questioned part of a relo report. Some homes are easy to measure and some are very difficult. Make sure you measure correctly and remove any 2-story space from your sketch.

- Make sure your bedroom and bathroom count are correct. If you are calling a room a bedroom make sure it meets all the local criteria for a bedroom whatever that may be. Each market may be different.
  - Check the box for modifications and adverse conditions.
    - Modifications include a finished basement, exterior amenities such as deck and patios. Anything that requires a permit.
    - Any adverse conditions requiring inspection would be if you see any mold, foundation cracks in the basement, cracks in the exterior brick or exterior finish, water in the lower level, floors bowing or warping. Anything that is out of the ordinary you can note and put the onus back on the relo company. Every report will include the disclaimer that a prudent purchaser engages the services of a qualified inspector. It is up to the relo company to actually have the inspection done.
  - Most relo appraisals are done “As Is” but you may have an “As Vacant” condition. Check your order.
  - If the home is personalized beyond simple shades of beige we want to alert the relo company of that and give them a priority level for remediation. This does not automatically mean an adjustment is warranted. We still need to compare the interior décor to other residences in the area and that will be done in the grid. We are not here to criticize anyone’s interior decorating tastes but rather compare them to similar homes in the area and alert the relo company if we believe it will impact the marketing of the home. They ask for a cost to cure no matter if we make an adjustment or not. We are the eyes of the relo company at this point. Comment on the personalization of the rooms and determine a simple cost range estimate. You should have picklist items for both levels of condition and levels of personalization.
  - Enter the Improvement Appeal Ratings.
    - Again make sure you are working off the correct baseline. Is the home average compared to other similar homes in the market? If you are in a million dollar home, the finishes may still be average for million dollar homes in that market.
- Market Trend Analysis
  - Define the Market Segment.
    - Use the text in the template and modify the defining characteristics. It may be simply the town name that changes but if you believe the neighborhood is bounded by the school district than change it to that. Remember we are using Macro data here. We may select comps from within the subdivision but still define the market as the much broader town. If you narrow it down too far you will not get any meaningful data for your analysis.
  - Double check the selected boxes concerning completion and financing.



the last line of the grid with no marketing or forecasting adjustments. Be aware that your value should be below the lowest adjusted listing. If it is not you will get a question from the reviewer asking why someone would pay our value and not take the lower adjusted listing. If you are higher than that lowest listing you must explain why in the comments.

- We usually list fireplace count separate from upgrading level and list it in the same grid box.
  - Upgrading level for a relo is usually about kitchen finishes, floor finishes, cabinetry, counters, trimwork and bath finishes. The baseline is average and we go from there based on the amenities expected in the area.
  - Modify the text of the competing properties comments to reflect any changes as needed.
- Check whether the home is listed yet and if it is; is it listed to sell within the prescribed marketing time.
  - Modify the comment in the addendum writer. There are picklist options available based on what you checked.
  - Provide the adjusted comparable range that you think will induce a sale within the marketing period.
    - See the technical discussion for how to determine these values.
  - Enter the normal marketing time for the area and your estimated time for the subject.
    - Look at your market trend analysis and be consistent. If the values in the grid and those shown in your data show a DOM unusually high check over 120 and provide a high value like <180 or <240 if that is what you believe.
    - If the number is less than 120 market check the correct box.
  - Enter your forecasted price trend .
    - If it is stable than do not check the Forecasted Price Trend.
    - If you believe the Forecasted Price Trend is increasing or decreasing then check if you believe it will continue at it's current pace.
  - Check the correct Forecasted Sales Activity box.
    - If you are going into a dead seasonal market and believe things will be decreasing check the box appropriately. Just be aware that you open yourself up for questions when you make changes here.
  - Modify the Forecasting comments
    - Make sure you use the correct marketing period that the client has asked for. This will cause review questions if you do not modify from 120 days to 90 if the client has asked for a shorter marketing period.
    - Modify the correct Quarters that the market will take you through.
    - Select the correct market level, under-supplied, balanced, or over-supplied.



- Identify the correct marketing area and change the town or make it school district or list whatever you used to identify the market.
    - Check to make sure you have the correct wording regarding whether you expect the home to sell within the clients marketing time period and make sure your adjustment is stated if will be making one.
  - Check the correct Forecasting Box
- Sales Comparison Analysis
  - Make sure all the information regarding the subject is correct.
    - Make sure the Date of Value is set correctly
    - Mark the Site Appeal correctly
    - Ensure that any lower level Look-out, Exterior Access or Walk-out amenities are shown
    - Check all lower level rooms are entered correctly
    - Check Landscaping level
    - Check exterior amenities for consistency
    - Make sure upgrading level is correct
  - Make the proper adjustments in the Sales Grid
    - Make sure the Assignment marketing period is correctly stated.
    - Make sure your Forecasting reflects either a 0 value or correct negative adjustment. Same value for all comps.
  - Modify the comments as necessary based on the template answers given
  - If the transferee offered any information check the box correctly
  - Modify the comments to reflect positive and negative marketing aspects and comment on any listings or sales offered.
    - If the transferee has given a huge list of comps, simply comment that a large list was supplied and that you evaluated each of them.
  - Modify the reconciliation comments
    - Select one of the picklist options and modify if needed based on the comps.
  - Check the assignment marketing period again and mark if AS IS or some other condition
  - Make sure the date for the opinion of value matches that in the report and assign a value
- Signature Page
  - Make sure the text comments reflect the correct AMC information for your state and include any other state specific information in this section
  - Verify the inspection date and signature date
  - Make sure license information is correct and sign report.
- Maps and photos
  - Make sure each of the photos are included and add or subtract forms as needed.

- Make sure you have clear photos of the comps and listings. No watermarks or timestamps are required or desired on the photos.
  - Include an aerial photo of the lot if possible
  - Include a flood map from either ACI, Wintotal, or a 3<sup>rd</sup> party vendor if used.
  - Make sure the location map correctly shows the comparable properties and the subject
- Text Addendum
    - After the reconciliation you should have generalized mapping comment, an additional USPAP certification comment, corrosive drywall paragraph, and a definitions section.
      - Make sure that if you have performed a service on the home within the past 3 years you modify the text otherwise leave these comments alone. They are boilerplate and protect you and us.