

Letter to Lender

Homeowner's are entitled to an appraiser who is **competent** in their property type

To: Lender and Appraiser

This home is a **special property type** which requires an appraiser who is *competent* in this specific property type to complete this assignment. (See USPAP Competency Rule line #309 "Competency may apply to factors such as, but not limited to, an appraiser's familiarity with a specific type of property or asset,...)

This home has **high performance assets** that may include: energy efficient enclosure and/or mechanical systems and/or a renewable energy source and/or related elements.

Description Notes

Supportive documentation may be available such as: defined scope of work, lists of installed assets, utility/consumption records, 3rd party verification reports such as inspections, energy ratings and green certifications, builder specifications, solar production history, and public records such as permits.

Directives by FHA, Freddie Mac and Fannie Mae specify that energy efficient features and renewable energy sources be recognized in the valuation process. They further specify the appropriate application of fundamental appraisal approaches and note that in some cases, due to the emerging market status of related features that comparable data may be difficult to discover, pointing to the cost and income approaches as potentially viable alternatives.

Example: 4000.1, FHA Single Family Housing Policy Handbook, "(D) Sales Comparison Method. If there is *insufficient* data to perform a matched pair analysis the Appraiser must analyze and report one of the methods below to calculate an appropriate adjustment... (F) Income Approach (2) Net Income/Savings Capitalization Method. The Appraiser may use an income approach based on capitalization of savings...The Appraiser may estimate the present value of the future benefit using the discounted cash flow technique." (See FHA doc for full statement).

<http://bit.ly/HUD40001>

