

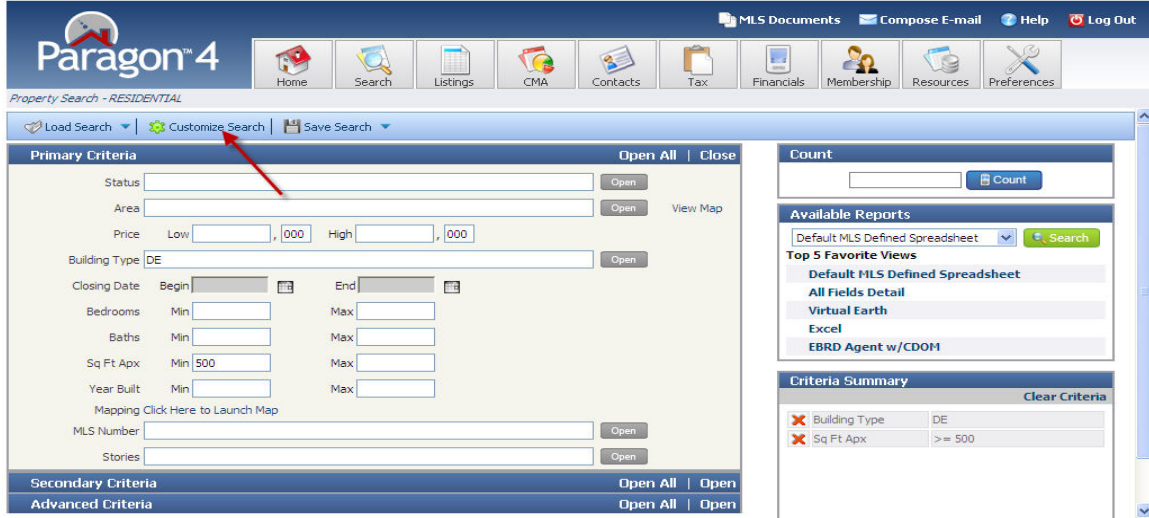
1004MC Market Conditions Addendum to the Appraisal Report

Peter and Nancy Townsend
Peterg.townsend@gmail.com

Customizing the Search (Input) Screen

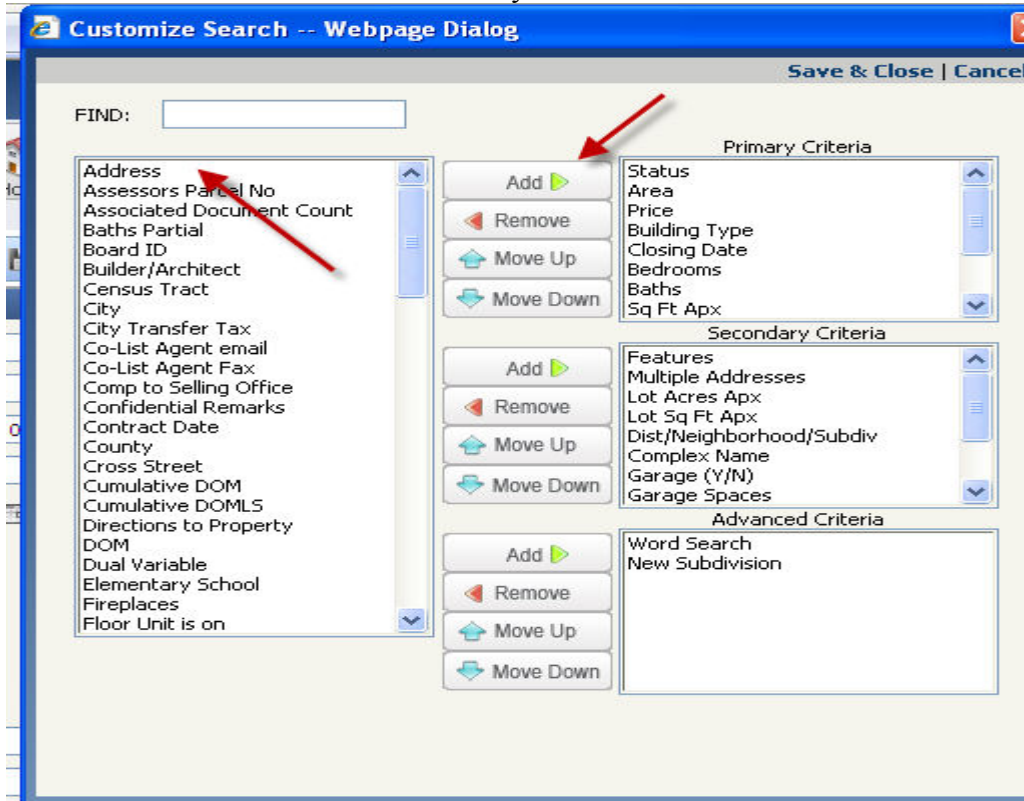
Nancyt.townsend@gmail.com

Click on the “Customize Search” button.



Below is the pop-up screen in Paragon; you can add anything on the left side of the screen and move it to the right side to your primary criteria.

The fields can be positioned on the screen by using the “Move Up” or “Move Down” arrows. You can also take fields from the secondary criteria, move them to the left table and then move them back to the Primary Criteria section.



Now that the address appears on your primary search screen; save it. You can save the modified search screen under the same name, a different name, and if you wish, you can make this screen your default screen.

The screenshot displays the Paragon 4 Property Search interface. At the top, there is a navigation bar with the Paragon 4 logo and several utility icons: Home, Search, Listings, CMA, Contacts, Tax, Financials, Membership, Resources, and Preferences. Below this is a sub-header for 'Property Search - RESIDENTIAL' with options for 'Load Search', 'Customize Search', and 'Save Search'. The main search area is divided into 'Primary Criteria' and 'Secondary Criteria'. The 'Primary Criteria' section includes fields for Status, Area, Price (Low and High), Building Type (set to 'DE'), Closing Date (Begin and End), Bedrooms (Min and Max), Baths (Min and Max), Sq Ft Apx (Min and Max, with '500' entered in the Min field), Year Built (Min and Max), Mapping (with a link to launch the map), MLS Number, Stories, and Address. The 'Secondary Criteria' section is currently empty. On the right side, there is a 'Count' section with a 'Count' button, an 'Available Reports' section with a dropdown menu and a 'Search' button, and a 'Criteria Summary' section showing a table of active criteria: Building Type (DE) and Sq Ft Apx (>= 500). Two red arrows point to the 'Save Search' button and the 'Address' field.

MLS Documents | Compose E-mail | Help | Log Out

Home | Search | Listings | CMA | Contacts | Tax | Financials | Membership | Resources | Preferences

Property Search - RESIDENTIAL

Load Search | Customize Search | Save Search

Primary Criteria Open All | Close

Status Open

Area Open View Map

Price Low , 000 High , 000

Building Type Open

Closing Date Begin End

Bedrooms Min Max

Baths Min Max

Sq Ft Apx Min Max

Year Built Min Max

Mapping Click Here to Launch Map

MLS Number Open

Stories Open

Address

Secondary Criteria Open All | Open

Count

Count

Available Reports

Search

Top 5 Favorite Views

- Default MLS Defined Spreadsheet
- All Fields Detail
- Virtual Earth
- Excel
- EBRD Agent w/CDOM

Criteria Summary Clear Criteria

Building Type	DE
Sq Ft Apx	>= 500

Using the Polygon Function to Define your Neighborhood

There are different methods in Paragon to define the geographical neighborhood you define for the subject property. One of the most useful ways is using the Polygon Function.

Click on “Mapping Click Here to Launch Map” on your Search Screen. The easiest way to use this method is if you add this option to your primary screen when you customize your Search Screen.

Here’s how to use the Polygon feature:

On the mapping screen

Step 1: Enter your subject’s address

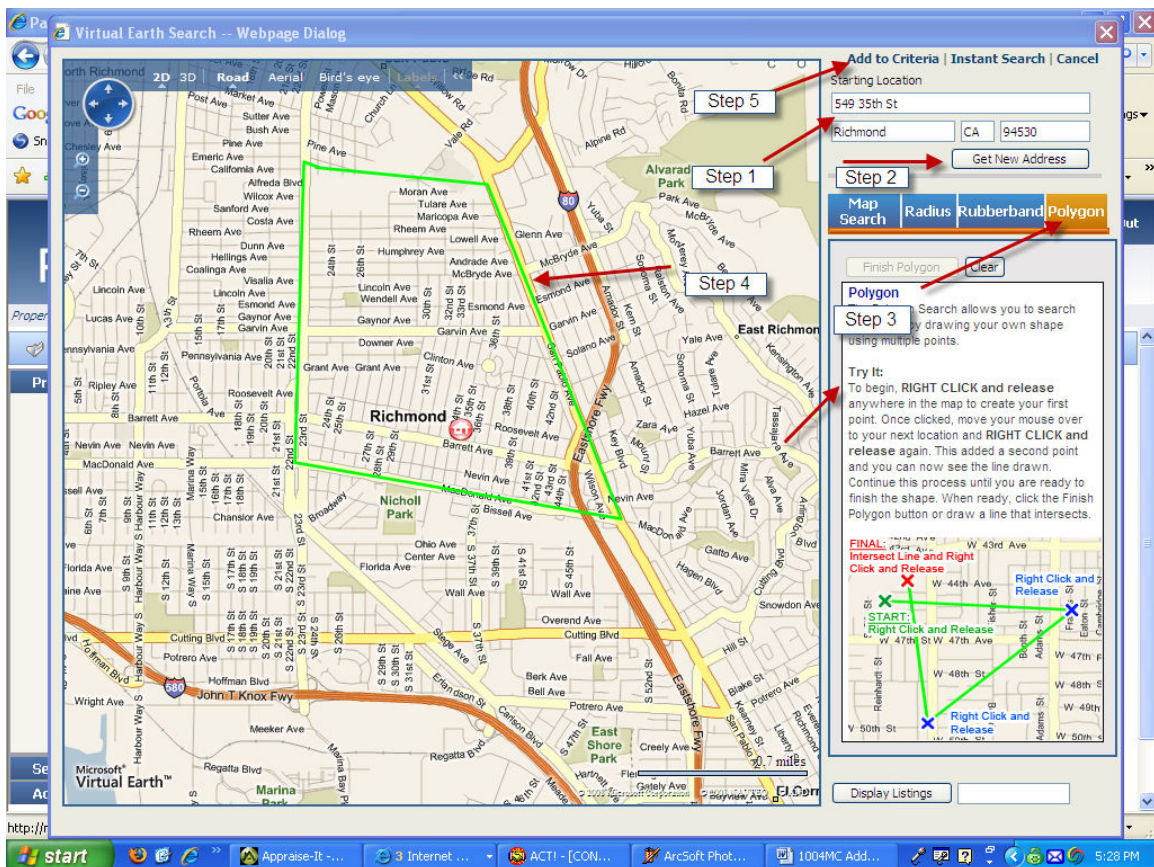
Step 2: Click on “Get New Address”. The map will center itself around the address.

Step 3: Click on Polygon

Step 4: Draw the Polygon using the right button on your mouse. When the polygon is complete move your mouse over to “Finish Polygon”.

Step 5: Click on “Add to Criteria”

Now your subject’s neighborhood boundaries have been added to your Search Criteria



Customizing the Report Screen

Do any search and then Click on “Customize” when the Report Screen Appears.

The screenshot shows the Paragon 4 software interface. At the top, there is a navigation bar with icons for Home, Search, Listings, CMA, Contacts, Tax, Financials, Membership, Resources, and Preferences. Below this is a search results summary table with columns: HIGH, LOW, AVERAGE, MEDIAN, TOTAL PRICE, and LISTING COUNT. A red arrow points to the 'Customize' button in the toolbar. Below the summary table is a table of search results with columns: MLS No, S., DOM, Address, Unit, City, 1), 3) LP, SP, BT, SqFt, BR, Bth, GarSp, YrBlt, and Lot. On the right side, there is a sidebar with 'Available Reports' and a list of report categories: Spreadsheets, Details, MultiUps, Specialty Views, CMA, and Reports.

	HIGH	LOW	AVERAGE	MEDIAN	TOTAL PRICE	LISTING COUNT
LIST PRICE:	\$213,750	\$49,900	\$147,536	\$149,450	\$14,753,693	100
SOLD PRICE:	\$195,000	\$105,000	\$163,659	\$165,500	\$3,600,500	
DOM:	285	0	54	28		

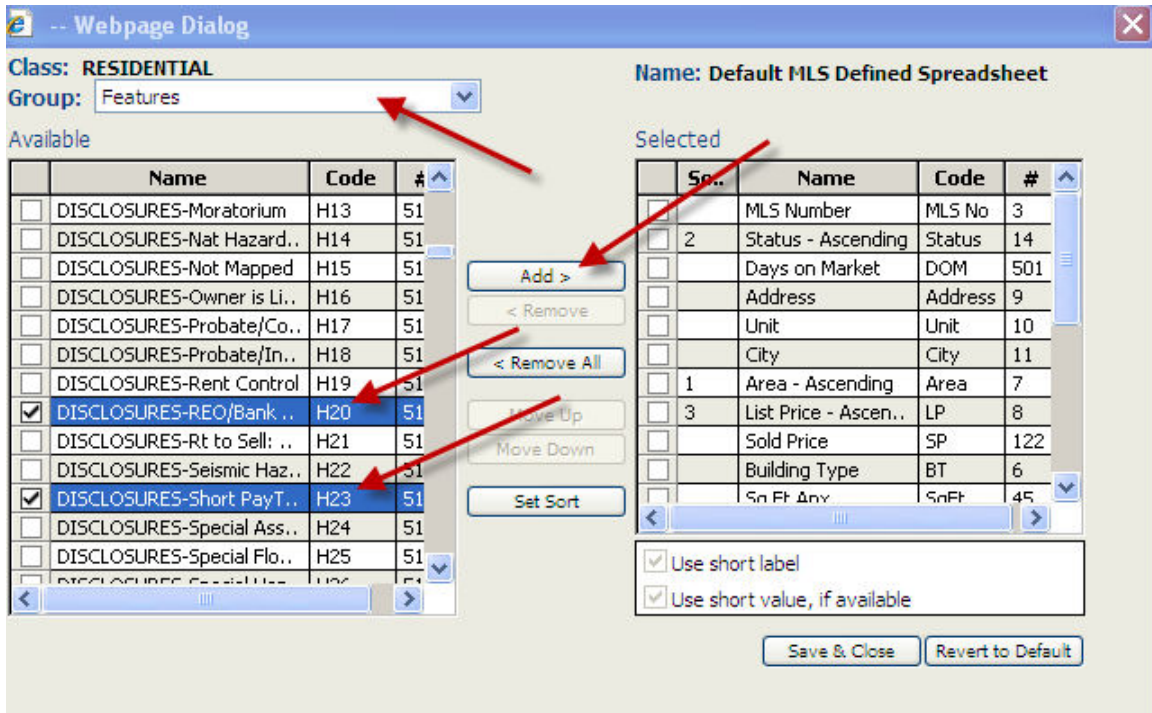
On the Pop-Up Screen below you can choose what fields (headings) you want to appear on the Report Screen.

For the required information on the 1004MC you will need to add three fields.

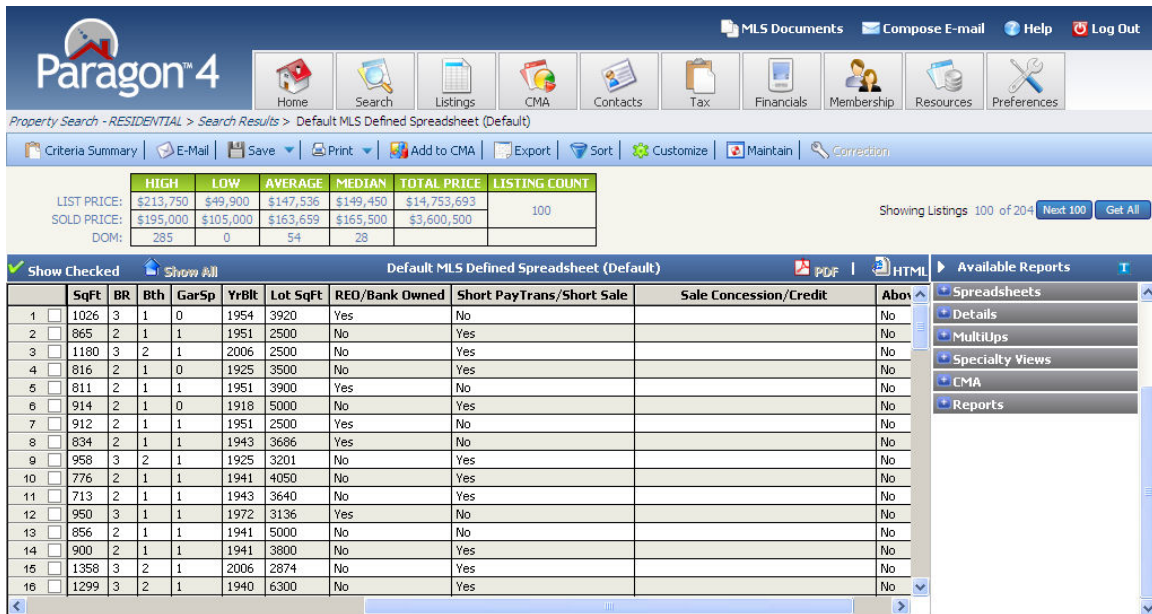
Select “Group” and click on the down arrow until you get “Features”.

Click on **Disclosures REO/Bank - Code H20** to get the REO’s and **Disclosures Short Pay - Code H23** to get the Short Sales. Now click on Add>. These fields will be moved to the right side on the screen and you can place them where you want to by clicking on Move Up or Move Down arrows.

The one other field you will want for the 1004 MC addenda is **Sales Concessions** which you will find under Group “Listing” Code **I26**. Add it to the right side of the screen.



You have now added REO/Bank Owned, Short Pay Transactions/Short Sale, and Sales Concessions/Credit to your Report Form.



Paragon™ 4

MLS Documents | Compose E-mail | Help | Log Out

Home | Search | Listings | CMA | Contacts | Tax | Financials | Membership | Resources | Preferences

Property Search - RESIDENTIAL

Load Search | Customize Search | Save Search

Primary Criteria Open All | Close

Status: SLD Open

Area: 1704 Open View Map

Price: Low [] ,000 High [] ,000

Building Type: DE Open

Closing Date: Begin 2/17/2008 End 8/17/2008

Bedrooms: Min [] Max []

Baths: Min [] Max []

Sq Ft Apx: Min [] Max []

Year Built: Min [] Max []

Mapping Click Here to Launch Map

MLS Number: [] Open

Stories: [] Open

Secondary Criteria Open All | Open

Advanced Criteria Open All | Open

Count

92 Count

Available Reports

Default MLS Defined Spreadsheet Search

Top 5 Favorite Views

Default MLS Defined Spreadsheet

All Fields Detail

Virtual Earth

Excel

EBRD Agent w/CDOM

Criteria Summary Clear Criteria

Building Type	DE
Status	SLD
Closing Date	2/17/2008-8/17/2008
Area	1704

Recognize the category title is Total # of Comparable Sales. In other words, it is not the entire data set of sales in the defined neighborhood, but those sales specific and competitive with the subject property. **This data analysis should also correlate with the answer at the top of the URAR form, Page two:**

Uniform Residential Appraisal Report File# 09030027

There are		comparable properties currently offered for sale in the subject neighborhood ranging in price from \$		to \$	
There are		comparable sales in the subject neighborhood within the past twelve months ranging in sale price from \$		to \$	

. The Report Screen should show the number of Comparable Sales, (Listing Count), the Median Comparable Sale Price and the Median Comparable Sales Days on Market (again emphasizing the data must be only properties specific and competitive with the subject property, not All Sales. Don't forget to click "Get all" to get all the results from your comparable data search

Paragon **can not** give you any information on **active listings in the past**, only the active listing in the present therefore you **wouldn't** be able to complete Total # of Comparable Active Listings, Months of Housing Supply, Median Comparable List Price, or Median Comparable Listing Days on Market. Typically with Paragon, the only time you will definitively have this data (today) for Column 3: "Current to 3 Months". The information given for Comparable List Price in the following screen table is for the actual listings that sold at that time, not for the total Comparable **Active Listings** that existed at that time.

Property Search - RESIDENTIAL > Search Results > Default MLS Defined Spreadsheet (Default)

Criteria Summary | E-Mail | Save | Print | Add to CMA | Export | Sort | Customize | Maintain | Correction

HIGH	LOW	AVERAGE	MEDIAN	TOTAL PRICE	LISTING COUNT
\$489,000	\$115,000	\$248,239	\$239,450	\$22,838,050	92
SOLD PRICE: \$463,000	\$105,000	\$243,538	\$239,000	\$22,405,555	
DOM: 316	0	50	29		

Showing Listings 92 of 92 [Next 100](#) [Get All](#)

MLS No	Closing Date	Sale \$/SqFt	1) S.	Address	City	State	List Price	BR	Bth	GarSp	YrBlt		
1	40345074	5/23/2008	266	SLD	2845 DOWNER AVE			3	2	1	1957		
2	40327639	5/9/2008	236	SLD	2845 DOWNER AVE			2	1	0	1948		
3	40347695	7/10/2008	141	SLD	2845 DOWNER AVE			3	1	1	1944		
4	40322814	4/16/2008	280	SLD	3306 KHEEM AVE			2	1	0	1943		
5	40327361	4/18/2008	210	SLD	2355 ANDRADE AVE	RICHMOND	\$201,000	DE	956	2	1	1	1943
6	40337985	5/20/2008	149	SLD	2541 DOWNER AVE	RICHMOND	\$120,000	DE	803	2	1	1	1948
7	40323791	4/8/2008	272	SLD	656 33RD ST	RICHMOND	\$295,000	DE	1086	2	1	1	1941
8	40346595	7/15/2008	237	SLD	779 34TH ST	RICHMOND	\$186,000	DE	784	2	1	1	1942
9	40303487	4/4/2008	218	SLD	999 34th St	RICHMOND	\$323,000	DE	1480	3	2	0	1952
10	40312043	4/25/2008	0	SLD	2700 BARRETT	RICHMOND	\$294,000	DE	0	3	1	1	1940
11	40320425	3/21/2008	168	SLD	3533 CHANSLOR AVE	RICHMOND	\$199,900	DE	1188	3	2	1	1946
12	40338542	7/31/2008	158	SLD	2372 DOWNER AVE	RICHMOND	\$160,000	DE	1014	2	1	1	1920
13	40316838	6/25/2008	156	SLD	4100 SOLANO AVE	RICHMOND	\$160,000	DE	1023	3	1	1	1941
14	40331112	7/2/2008	154	SLD	3321 HUMPHREY AVE	RICHMOND	\$224,900	DE	1464	3	2	0	1942
15	40327557	5/2/2008	203	SLD	880 31ST ST	RICHMOND	\$268,000	DE	1323	3	2	0	2001
16	40295309	5/29/2008	259	SLD	2900 MCBRYDE AVE	RICHMOND	\$260,000	DE	1004	3	1	0	1944

Complete what you can of Column 1 of the Market Conditions Addendum

Total # of Comparable Sales (Settled): 92

Absorption Rate (Total Sales/Months): $161/6 = 15$

Median Comparable Sale Price: 239,000

Median Comparable Sales Days on Market: 29

Median Sale Price as % of List Price: $239,000/239,450 \times 100 = 99.8\%$

The boxes that are in gray can be ignored.

Now we are going to collect data that is required further down on the form. Look at the “Sale Concession/Credit” Column on the report.

Right click twice on the heading for the Sales Concession Column and all files with sales concessions will sort out and appear at the top. Some will say “None” or other comments Count the number of pertinent comments . Assume we had 44 sales with pertinent concessions

Since this six month period is twice as long as the other two three month periods divide the number of sales and concessions in the 7 – 12 month period by 2.

92/2= 41 sales, 44/2 =22 concessions

Count the REO’s and for Short Pay Transactions in the same manner that you did the Sales Concessions. One way to keep track of this information for each time period is to make a table like the following.

1004 MC Suggested Worksheet

	(7-12)/2*	4-6	3-0	Actives	Pendings
Total Sales	43				
Sales Concessions	22				
REO’s	18				
Short Sales	2				

* Divide all counts in the 7-12 month time period by 2 so that the time periods are constant

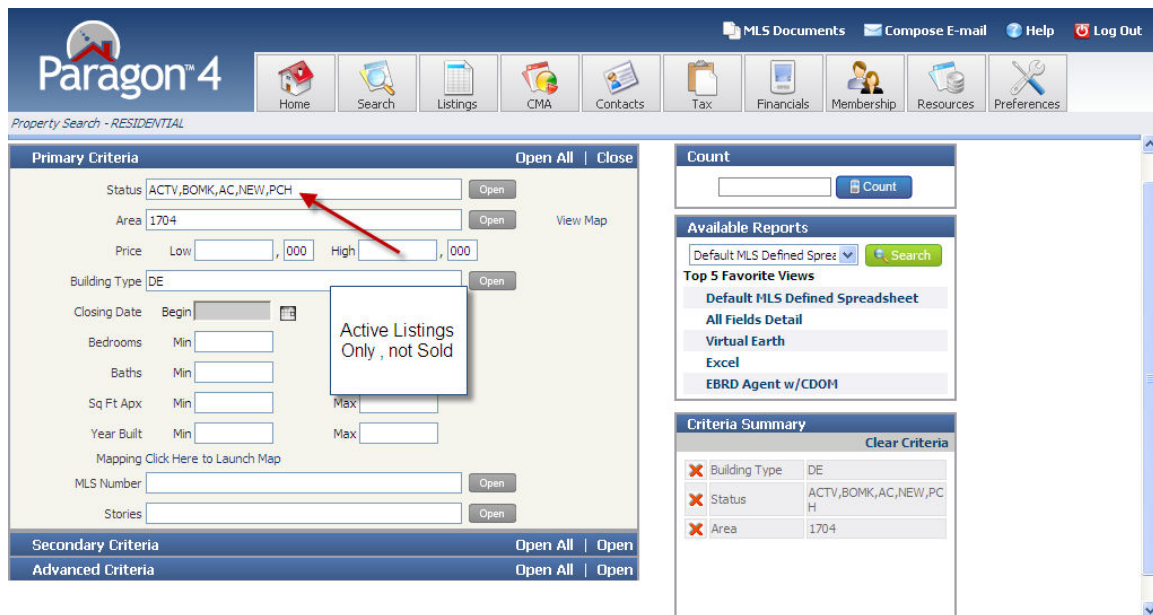
Now repeat the searches for Columns 2 (Prior 4-6 months) and for Column 3 (current to 3 months).

You will be able to complete the entire Column 3 (Current to 3 months) because Paragon has the current Active Listings. This requires another search for Active Listing

Completing the Active Listing Data for Column 3

Run the **Active Listings** search separately, You cannot include the Sold (Sales) or you will get inaccurate data based on the sold data instead of active listing data. Do not include pending sales. See below

Run Search Screen Status: Active (ACTV,BOMK,AC,NEW,PCH) , using the same market data you used for the previous searches.



It is possible to complete the entire “Current – 3 months” column

Total # of Comparable Sales: 66

Absorption Rate: $66/3\text{months} = 22/\text{month}$

Total # of Comparable Active Listings: 69 (table above)

Months of Housing Supply: $(\text{Total Listings}/\text{Abs Rate}) 66/22 = 3.1$

Median Comparable Sale Price: \$177,300

Median Comparable Sales Days on Market: 19

Median Comparable List Price: 175,000

Median Comparable Listing Days on Market: 38

**Median Sale Price as % of List Price $170,000/177,3000 \times 100 = 96\%$

** The List Price is the list price of the sales for the last 3 months, not the list price of the active listings.

Complete the “Overall Trend” of the Market Conditions Addenda.

When completing the Overall Trend part of the addenda and the Prior 7-12 month trend is not consistent with the trend for the other two time periods, I will give more consideration to the more recent Prior 4-6 months with the Current – 3 months periods.

Note that you will **not** be able to complete the Overall Trend for :

1. Total # of Comparable Active Listings
2. Months of House Supply
3. Median Comparable List Price
4. Median Comparable Listings Days on Market

Completing the Seller Concessions Trends Section

Seller – (developer, builder, etc) paid financial assistance prevalent. Yes

Consult the information you kept the worksheet when you counted the Concessions, REO's and Short Sales and note the trend.

“Explain in detail the seller concessions trends for the last 12 months. (e.g. seller contributions increased from 3% to 5%. Increasing use of buydowns, closing costs, condo fees, options, etc.

In the past 12 months more than 30% of the sales were reported to have seller concessions. Typical concessions are 3% or less towards the buyer's closing costs. The trend in concessions remained relatively constant throughout the year.

Foreclosure Sale Section:

Are foreclosure sales (REO sales) a factor in the market? If “Yes”, explain the trends in listings and sales of foreclosed properties.

Look again at the worksheet where you counted the number of REO's and Short Sales for each time period. Look for trends. You can include them in this section.

Of the 254 sales in the past 12 months, 186 were REO's (73%) and 17 were Short sales (7%) and 51 were arm's-length transactions (20%). Distressed sales dominate the current market in this area. The trend in distressed sales increased during the year. The majority of the comparable active listings (over 80%) are bank owned or advertising short sale status. See further analysis of pending sales and current trend in the next section of the 1004 MC form.

Data Sources Section

Cite data sources for above information: Multiple Listing Service – Paragon 4.

Summary Section

“Summarize the above information as support for your conclusions in the Neighborhood section of the appraisal report form. If you used any additional information, such as an analysis of pending sales and/or expired and withdrawn listings, to formulate your conclusions, provide both an explanation and support for your conclusions.”

The market has declined significantly in the last 12 months. There has been a 27% drop in the median comparable sales price from the prior 7-12 months to the last 3 months. Of the 254 sales in the past 12 months, 186 of them were REO's and 17 were short sales and 76 had buyer concessions.

Or a more detailed version could be:

The competitive market for the subject property has declined significantly over the past 12 months. There has been a 27% drop in the median comparable sales price from the prior 7-12 months to the last 3 months (\$475,000 to \$346,750). Of the 254 comparable sales in the past 12 months, 186 were REO's, and 17 were short sales; while 76 had seller concessions such as paying for closing costs, improvements to the property, inspections, etc. *Current Median Sale as a % of Sale Price* is 88%, up from the prior period (85%) but still continue to identifying that sellers are unrealistic about list prices. The median comparable pending sale price is currently below the median sale price by 8%. Properties comparable to the subject are listing 3% below the median sale price in the current to 3 month period. Overall property values are declining, there is a dramatic oversupply of housing for sale, and marketing times are running over 6 months.

Condominium Section

The Condominium Section can be done in as similar fashion as the above section. Both the top and the bottom are to be filled out. The top section is for **all** condo projects in the neighborhood assuming that all the condos in the neighborhood compete with the subject condo. The lower part of the form is **project specific** and only pertains to the subject project.

Peter and Nancy Townsend
Townsend Appraisals
Peterg.townsend@gmail.com
Nancyt.townsend@gmail.com

March 18, 2009