

PERMITTED / UNPERMITTED ADDITIONS, BASEMENTS, DETACHED SPACES

If you have questions or are in doubt regarding these requirements – please call Class Valuation. When determining what, if any value, these spaces should receive. All of the following factors should be considered and described within the appraisal report:

Properties in which the answer is **Yes** to all of the following questions may be given appropriate market value as part of the GLA or separately (if it is not a continuous space). **Note- clearly labeled photos -interior and exterior- of space are required:**

1. Is the space permitted and/or does it meet jurisdictional requirements? For example, some communities allow for one-story detached accessory buildings which are utilized as playhouse or storage facilities, as long as under a certain square footage.
2. Are the improvements permitted? (Example – finished room and bath within the basement or garage). If not permitted, is the space grandfathered or does it appear to have been developed prior to accurate record keeping within the jurisdiction?
 - Is the space completed in a workmanlike manner?
 - Does it appear to be a space with no health or safety issues?
 - Is the space typical for the area?
 - Are there other sales with a similar space to offer as comparables within the report?
 - Is the electrical and plumbing code compliant?
 - Are there any open code violations, or expired permits recorded with the local jurisdiction for the subject as a whole?

If the answer to #1 above is **Yes**, but the answer to any of the other questions is **No**, properties may be given storage value only. **Note - clearly labeled photos - interior and exterior - of space are required.** A narrative commentary is needed to describe the quality and appearance of the work and its impact, if any, on the marketability of the subject property or any other factors. Any health and safety issue or unwarranted plumbing should be described within the narrative and a cost-to-cure those items should be described within the narrative, but not added to the grid.

If the answer to #1 above is **No**, the space can be given no value. **Note - clearly labeled photos - interior and exterior - of space are required.** A narrative commentary is needed which describes the other factors and a cost-to-cure to remove the unwarranted space should be described with the narrative, but not added to the grid.

Lenders will allow contributory market value to be given to unpermitted space if and only if all of the additional criteria can be met:

- The illegal space is completed in a workmanlike manner and there are no open code violations in the subject property.
- The illegal space does not create zoning violations.
- The illegal space can be compared to three comps on the grid with similar space.
- The entire subject property may be rebuilt “as is”.