

Red Flags

- Appraiser to report if the subject property line is located within 300 feet of an above-ground or subsurface stationary storage tank with a capacity of more than 1,000 gallons of flammable or explosive materials. This is regardless of whether the use is commercial or domestic.
- Appraiser to report any probable or imminent danger of land subsidence (i.e. earthquakes, sink holes, etc.) for the lender to determine if any subsidence insurance is required. The appraiser must analyze and report any readily observable conditions of the surface of the land that indicate potential problems.
- Appraiser to report if the subject improvements are located within an easement of or within an unsafe distance to any power line or tower. The Local distribution lines may not pass directly over the dwelling or any structure or improvement, including pools. The residential service drop line may not pass directly over any pool, spa, or water feature.
- If the subject is under a current ground lease and being appraised as a leasehold value, the appraiser is to analyze and report the terms of the lease and its impact if any on the marketability.
- It is recommended that the appraisers search the FEMA web site (<https://www.fema.gov/disasters>) and add commentary to the condition of the property post-disaster, if there was a recent disaster declared in the county within the last 120 days. *If the disaster occurs post-closing the lender will have to request a Disaster Area Inspection Report and Certification; it is an additional report with an additional fee.*
- FNMA - Fannie Mae is committed to working with our industry partners to help combat fraud by offering the following list of Common Red Flags that may indicate mortgage fraud.
 - *Appraisal ordered by a party to the transaction*
 - *Occupant shown to be tenant or unknown*
 - *Owner is someone other than seller shown on sales contract*
 - *Appraisal indicates transaction is a refinance, but other documentation reflects a purchase*
 - *Purchase price is substantially higher than predominant market value*
 - *Purchase price is substantially lower than predominant market value*
 - *Subject property obsolescence is minimized*
 - *Large positive adjustments made to comparable properties*
 - *Comparables' sales prices do not bracket the subject's adjusted value*
 - *Comparable sales are not similar in style, size and amenity*
 - *Dated sales used as comparable sales*
 - *New construction / Condo conversion: All comparable sales located in subject development*
 - *Comparable properties are a significant distance from the subject, or located across neighborhood boundaries (main arteries, waterways, etc.)*
 - *Map scale distorts distance of comparable properties*
 - *"For Rent" sign appears in photographs*
 - *Photos appear to be taken from an awkward or unusual standpoint*
 - *Address reflected in photos does not match property address*
 - *Weather conditions in photos inconsistent with date of appraisal*
 - *Appraisal dated before sales contract*
 - *Significant appreciation in short period of time*

Prior sales are listed for subject and/or comparables without adequate explanation

