

Review Checklist

Part - I Initial Review

Purpose: Evaluates completeness and timeliness as per section 9-14, 9-16 and 9-19

Part - II: Substantive Review

Purpose: Evaluates compliance with sections 9-7 through 9-15. Comprised of two parts (a) Detailed Screening and (b) Rent Grid Analysis

Part - II b: Issues / Follow up from Substantive Review

Purpose: Provides a standardized template for documenting issues that require follow up with RCS Appraiser

Part - III: Certification from Substantive Reviewer

Purpose: Provides a confirmation and certification from Substantive Reviewer regarding RCS's compliance with HUD's guidance. Also, contains documentation of PBCA approval of RCS.

PART I: INITIAL REVIEW

Initial Screening for Completeness & Timeliness

PROPERTY NAME: High Rise Apartments	Fill with Data Requested or Yes / No / N/A	Red Flags (Self-Populated)
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Reviewer Data	
1) Project Name	High Rise Apartments
2) Contract Number	#####
3) Date RCS Received	8/30/2011
4) Contract Expiration Date	XX/XX/XXXX
5) Name of PBCA/TCA	XYZ Housing Authority
6) Name of RCS Appraiser	John Doe
7) Name of Reviewer performing 'Initial Review'	Elaine Smith
8) Name of Reviewer performing 'Substantive Review'	Bob Agent
9) Provide MAI # of Substantive Reviewer, if applicable	#####

RCS Documentation Compliance Check		
10) Signed and dated Owner's Cover Letter as per HUD's Form xxxx	Yes	Follow up required
11) Signed and dated Appraiser's Certification as per HUD's Form xxxx	Yes	
12) Signed and dated Appraiser's Transmittal Letter as per HUD's Form xxxx	No	
13) RCS submitted with contents as per Section 9-14 ¹	Yes	
14) RCS provided in chronological order as per Section 9-14 ¹	Yes	

Timeline Compliance Check		
15) Date of RCS Appraiser's Transmittal Letter	7/14/2011	
16) Date of RCS	7/14/2011	
17) Date of RCS collection of data <i>(generally provided in Scope of Work)</i>	7/1/2011	
18) Date of Owner's submission to HUD <i>(should be the date of the Owner's Letter)</i>	8/11/2011	
19) RCS must be completed within 90 days of submission to PBCA/TCA		
20) RCS must be submitted within 90 days of date on Appraiser's Transmittal Letter		
21) Contract Expiration Date	1/11/2012	

¹ Section 9-14 requires the following contents submitted in the following order: (1) Appraiser's Transmittal Letter, (2) Scope of Work, (3) Description of Subject Property (with color photos), (4) Identification of Subject's Market Area, (5) Description of Neighborhood, (6) Narrative Describing Selection of Comparables, (7) Locator Map for Subject and Comparables, (8) Rent Comparability Grid for Each Primary Unit, (9) Narrative Explaining Adjustments and Market Rent Conclusions (one set of explanations for each Rent Grid), (10) Comparable Property Profiles (including photos), (11) Appraiser's Certification, (12) Copy of Appraiser's License (if relying upon a temporary license)

Rent Comparability Study is INCOMPLETE. Date of follow-up : _____

Rent Comparability Study MET MINIMUM Requirements for Initial Review.

I certify that the RCS contents are complete and is submitted in a timely manner as per HUD's requirements.

Print Name: Elaine Smith

Signature: _____

Date : xx/xx/xxxx

Next Steps:

RCS sent to Bob Agent for Substantive Review on XX/XX/XXXX.

SAMPLE

PART II: SUBSTANTIVE REVIEW

Detailed Compliance Review

Property Name: High Rise Apartments		Yes, No, N/A	Comments
1. Scope of Work			
<i>(Section 9-9)</i>	Scope provides dates, number and types of inspections and how unit sizes were verified by the Appraiser?	Yes	
<i>(Section 9-9)</i>	Scope provides types of inspections on the comparables (how the info on rent, condition and amenity data were collected and verified)?	Yes	
<i>(Section 9-9)</i>	Scope provides information on Interviews conducted, Records reviewed, Internet sites used, etc.?	Yes	
<i>(Section 9-9)</i>	Scope notes details on any data that was unobtainable or estimated, and all efforts to obtain that data?	N/A	
<i>(Section 9-9)</i>	Scope provides type of assistance received from assistant Appraisers, if applicable?	Yes	
2. Description of Subject Property			
<i>(Section 9-9)</i>	Does the description state "Site characteristics" and "Improvements" (such as # of buildings, structure, accessibility)?	Yes	
<i>(Section 9-9)</i>	Is the Unit mix of all units in the Project provided?	Yes	
<i>(Section 9-9)</i>	Does the description provide information on "Condition" of the subject property (age, state of repair)?	Yes	
<i>(Section 9-9)</i>	Is the property designed for the elderly/disabled? (if Yes, then ensure that comparables selected are relevant, and if not the Appraiser must document why he/she did not select comparables with elderly/disabled. Also, if the subject is designed for elder/disabled, then ensure that the amenities provided are relevant and valued appropriately in the rent grid and note why)	No	
<i>(Section 9-9)</i>	Does the description state what utilities are included in the rent? Define what utilities are stated, if applicable.	Yes	Heat and hot water only. No source cited. It appeared very difficult to measure usage of a typical stove expense per the Appraiser.
<i>(Section 9-9)</i>	Does the description provide a summary paragraph of unit design and amenities?	Yes	
<i>(Section 9-9)</i>	Does the description provide a summary paragraph of project service/ site amenities? (eg. parking, recreational facilities, community areas, security, service coordination, neighborhood networks, transportation, meal services, social or educational activities, emergency call systems, laundry or housekeeping, and any other amenities for elderly or disabled, including non shelter services)	Yes	
<i>(Section 9-9)</i>	Does the RCS include a minimum of 5 labeled photos of exterior and interior of the subject property?	Yes	scanned pdf is black and white
<i>(Section 9-9)</i>	Does the description state the "Name" and "phone number" of contact person at the subject property?	No	Contact information not provided
3. Identification of the Subject's Market Area			
<i>(Section 9-9)</i>	Appraiser identifies the geographic area for target market <i>(Should be described in a paragraph at a minimum and/or a picture)?</i>	Yes	The Market Area discussion is limited to a one-sentence statement that the market area is a "5-mile radius".
<i>(Section 9-9)</i>	Is the Appraiser's definition of the market appropriately described in detail and justified <i>(Should be described in a paragraph at a minimum)</i>	No	A brief narrative as to why the market area is a 5-mile radius would be helpful.

PART II: SUBSTANTIVE REVIEW

Detailed Compliance Review

Property Name: High Rise Apartments	Yes, No, N/A	Comments
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4. Description of Neighborhood

(Section 9-9)	Appraiser provides tenant rental types, demographics, accessibility, property uses, employment drivers, social outlets, and civil uses in the neighborhood?	Yes	
(Section 9-9)	Info on Accessibility included? (eg. schools, recreation, transportation, shopping, medical and employment centers, community services or other features tenants at subject would seek)	Yes	
(Section 9-9)	Info on Nuisance (e.g., street noise), crime rates included? (factors affecting the perceived quality of the neighborhood)	Yes	

5. Narrative Describing Selection of Comparables

(Section 9-10)	Did the Appraiser provide a detailed explanation on the process utilized to select the Comparables?	Yes	The Appraiser utilized comps which were highly similar in overall design, room count, size and amenities. He identified a set of 11 comparables and narrowed them down to five, documenting reasons for rejecting the others.
(Section 9-10)	Did the Appraiser provide a Grid sheet of the Universe of Comparables completed?	Yes	
(Section 9-10)	Did the Appraiser select the appropriate comparables for each unit type that met the selection criteria?	Yes	The Comp selection process seems to have been appropriate and the range of rents reasonable given the rent levels.
(Section 9-10)	If the selected comparables did not meet all of the selection criteria for each unit type, does the Appraiser provide adequate explanation and justification?	N/A	
(Section 9-10)	If the Appraiser chose less than 5 comparables, does the Appraiser provide adequate explanation?	N/A	
(Section 9-10)	Does the subject property have any unassisted units?	No	Some of the units however were under NY rent controls. There are very few properties in that geographic area that are not under rent control in some form.
(Section 9-10)	If there are unassisted units in the subject property that were not used as comparables, did the Appraiser adequately explain why they were not used?	N/A	

6. Locator Map for Subject and Comparables

(Section 9-11)	Locator map identifies subject property and each comparable?	Yes	
(Section 9-11)	Locator map clearly marks major roadways and natural or man-made barriers (e.g., rivers, freeways, railways, etc.)?	Yes	

7. Comparable Property Profiles

(Section 9-11)	Appraiser provides "Property names" and "addresses" and contact name and phone number? (street, city, county, cross streets, neighborhood name)	Yes	The Appraiser did not provide information on the Comparables' occupancies or date of last lease, which could have been verified with a phone call to the property.
(Section 9-11)	Does the Appraiser provide a photo of the project's exterior, at a minimum? (Interior photos may be included if available)	Yes	Scanned pdf is black and white
(Section 9-11)	Does the Appraiser use a uniform format for rent and unit mix table for the comparables? Appraiser included all units in the project and grouped them by major unit types (e.g., # bedrooms/ # baths), and indicated which unit types are used as comparables in the RCS As in Appendix 9-10	Yes	Total units is presented but all occupancies are "n/a".
(Section 9-11)	Does the Appraiser adequately describe any rent restrictions or subsidies in the comparable unit types, if applicable?	Yes	
(Section 9-11)	Does the Appraiser adequately explain the reason for excluding certain unit types?	N/A	

SAMPLE

PART II: SUBSTANTIVE REVIEW

Rent Grid Analysis

(NOTE: Reviewer should provide a Rent Grid Analysis Sheet for each Rent Grid in the RCS)

Property Name:	High Rise Apartments
Rent Grid Analysis for Unit Type:	1 Bedroom and 1 Bathroom

ANALYSIS ON ADJUSTMENTS	Yes, No, N/A	Reviewer Notes (Must include an explanation for all "No" items)
1) Do the entries in the subject's characteristics match information on the Rent Grid?	Yes	
2) Do the entries for the comparables match the information in the Comparables Property Profiles?	Yes	
3) Are the amount of adjustments uniform across the various comparables, if not is it adequately explained?	Yes	The appraiser adjusts the unit size differences using a consistent \$ per square feet measure.
4) Were there any discrepancies within the Narrative of Adjustments and the actual adjustment on the Rent Grid?	Yes	The adjustments appeared reasonable and supported with the exception of the utility adjustment which appeared to be just an estimate with no basis for support.
5) If the Appraiser adjusted the market rent of a primary unit type to arrive at a secondary unit type, is the explanation reasonable ?	N/A	

CONCLUDED RENT ANALYSIS		
6) Is the Estimated Market Rent (line 46) within the range of Adjusted Rents (line 44)?	Yes	
7) Is the Estimated Market Rent (line 46) > 105% of the Average Comparables? If so, is it justifiable?	No	The estimated market rent was 102% of the average comparables. This percentage and Appraiser's rationale for deriving the concluded rent was reasonable.
8) Did the Appraiser use an appropriate methodology for deriving concluded rent per Section 9-13. Please comment on the methodology used.	Yes	The appraiser attached more weight to comparable #2 given the similarity of unit and site amenities to the subject property. The methodology appeared reasonable and well explained.

FINAL ASSESSMENT		
16) Does the Reviewer conclude that the Appraiser's rationale for comparables selection, adjustments, and final market rent determinations were well supported and reasonable? Please provide a detailed commentary for your response.	Yes	The appraiser utilized comparables that were highly similar to the subject property in overall design, room count, size and amenities. The adjustments appeared reasonable and well supported with the exception of the utility adjustment which appears to be just an estimate with no hard basis for support. Additionally, the Appraiser did not provide information on the comparables' occupancies or date of last lease, which could seemingly be discovered with a phone call to the property. Also, the market area discussion is limited to a one-sentence statement that the market area is a 5-mile radius. While this may be true, a brief narrative as to why this is the market area would have been helpful. Despite these deficiencies, the comparables selection process seems to be have been appropriate and the range of rents is reasonable given the rent levels. The adjusted rent level is slightly greater than the unadjusted level, which rather defeats the objective. However, given the relatively tight unadjusted rental range and the fact that there are imperfections in the market, a slight increase in adjusted rent variance is not a material issue.

PART II b - FOLLOW UP / ISSUES MEMO FROM SUBSTANTIVE REVIEW

To: [RCS Appraiser]
From: Review Appraiser
CC: PBCA Point of Contact
Owner Point of Contact

Name of Subject Property: _____ Section 8 Contract Number: _____

I have performed a substantive review of the Rent Comparability Study (RCS) of the aforementioned property. Based on my review, I have identified a few issues that need to be addressed. These are summarized below:

[INSERT ISSUES]

- xxx
- xxx
- xxx

I am requesting for the RCS Appraiser to provide additional information or explanations on the items noted above within 10 calendar days as per HUD guidelines.

Please do not hesitate to call me if you have questions concerning my findings.

Substantive Review Appraiser

State Certification Number