



SHORT SALE APPRAISAL DISCLOSURE

When beginning the process of negotiation with a lender for completing a pre-foreclosure sale, the homeowner must retain an appraisal firm to perform a current Real Estate Appraisal. This value will assist the homeowner in determining a starting point for both listing the property for sale and negotiation with the current lender for an "Exit Strategy".

Cape Appraisals will complete a General Purpose Residential Appraisal Summary Report for the client on the subject property. This General Purpose Residential Appraisal assignment will be performed according to the Uniform Standards of Professional Appraisal Practice (USPAP) and the applicable laws of the State of Florida.

The completed summary appraisal report will be delivered on a general purpose appraisal form to the Client and the Client's intended users. The Client/Appraiser relationship will be determined prior to the Appraiser accepting the assignment. For a pre-foreclosure transaction, the homeowner or borrower will be the Appraiser's Client.

The Client will discuss with the Appraiser the intended use of the appraisal and prescribe a "Scope of Work" for the Appraiser to complete the assignment. The Scope of Work is the type and extent of research and analyses performed in an appraisal assignment that is required to produce credible assignment results, given the nature of the appraisal problem, the specific requirements of the intended user(s) and the intended use of the appraisal report. The Appraiser always reserves the right to modify the prescribed Scope of Work, should this be necessary to produce credible results in the assignment.

The typical Scope of Work for a pre-foreclosure transaction will include a valuation of the subject property as a property in distress. This distress may be in the form of both physical condition and motivation of the seller. The Appraiser will complete the assignment providing a value of the property should the sale be motivated to the extent that the property should be marketed for the shortest marketing time possible.

With this short marketing time frame in mind, the Appraiser will rely upon the "Sales Comparison Approach To Value". This approach to value most reflects the actions of buyers and sellers in the marketplace. The Appraiser will seek out similar properties with similar features and amenities that have sold recently to compare to the subject. If the subject property is located in a market area of declining values, the Appraiser may rely heavily upon the most recent transactions available. The Appraiser will also review competing properties to follow the principle of substitution. This principle holds that, given no dramatic fall-off in quality, it is rational to replace one item with another based upon a cost advantage. With this principle in mind, the Appraiser will determine the final value to assist the Client in obtaining their objective, which is to sell the property for the greatest reasonable return with the shortest exposure time possible. The Appraiser will also include a "Forecasting Adjustment". The "Forecasting Adjustment" will provide an anticipated sales price at the end of a short future time frame prescribed by the Client. The forecasting adjustment is derived via industry standards used in typical assignments requiring an estimated value based on a short marketing time, such as Relocation Appraisals, Bank Owned Real Estate Appraisals, Pre Foreclosure Appraisals, etc. These industry standards include a review of similar properties listed for sale, consideration of the current absorption rate of supply, and anticipation of future decline or increase in value due to current market conditions.

Upon completion of the assignment, the Appraiser will deliver a written summary report to the Client and the Client's intended user(s). The Appraiser will also be available to discuss the results with the Client, however the Appraiser may not discuss the results of the Assignment with any other party without first obtaining written authorization from the Client. This requirement is intended to protect the Client's privacy.