



Memorandum

To: Owners/ Management Agents
From: John Drew – Appraisal & Marketing Officer
Date: April 13, 2015
Re: Equity Revaluation – Appraisal Guidelines

As described in the MassHousing *Equity Policy (as amended Nov. 1999)*, under sec. 5, the “Policy”:

5. The mortgagor may reestablish its equity, subject to the Agency’s consent, in its sole discretion, not more than once in any five-year period commencing with the making of the mortgage loan. In reestablishing a mortgagor’s equity, the mortgagor and Agency shall follow the procedures set forth in paragraph 2:

Section 2.B of the “Policy”:

“Total project value or cost shall be determined by an appraisal conducted by the Agency or by an independent and qualified appraiser selected or approved by the Agency. The cost of the appraisal shall be borne by the mortgagor as a capital expense, which shall not be funded from the reserve fund for replacements.”

This memorandum provides specific guidance in completing the appraisal for reestablishing equity:

The mortgagor may reestablish its equity not more than once every five years. At the Mortgagor’s expense and election, the Mortgagor or MassHousing will commission an appraisal to determine whether there has been an increase in the equity of the project. Project equity shall be determined by an appraisal conducted by an independent and qualified appraiser.

The appraisal must:

1. Develop a Market Value – Land “As-Vacant” estimate. The land value estimate must include all appropriate approaches, including any deed and/or land use restrictions.
2. Develop a Replacement Cost estimate.

3. Be Completed by a Massachusetts Certified General Real Estate Appraiser from MassHousing's list of approved appraisers and/or an appraiser pre-approved by MassHousing.
4. Be compliant with the Uniform Standards of Professional Appraisal Practice (USPAP).
5. Identify MassHousing as the intended user of the appraisal.
6. Ensure that the Scope of Work reflects its intended use for Equity Revaluation purposes.

The appraiser's transmittal letter must clearly state the (1) Market Value – Land “As-Vacant and (2) Replacement Cost. It must also clearly indicate and/or confirm that the (1) appraiser is a Massachusetts Certified General Real Estate Appraiser from MassHousing's list of approved appraisers and/or an appraiser pre-approved by MassHousing and (2) appraisal is USPAP compliant.

MassHousing reserves the right to perform an in-depth review of the submission pursuant to the Uniform Standards of Professional Appraisal Practice (USPAP).