

hundred or dollars per thousand of assessed value. In the addendum to the VC, state the assessment, real estate tax liability and tax year. State the assessed market value of the subject property in the addenda.

- > If there is no method to relate the assessment to market value, such as new construction where reasonable assessment may not exist, mark the assessed market value response as "N/ A".

## 2. Special Assessment

A special assessment can be calculated in two ways:

- o the same way as real estate taxes, or
- o on a pro-rated basis

Determine how the special assessment is calculated and report the special assessment liability on the URAR.

- > If the property does not have special assessment, mark the URAR "N/A".

For example: An organization that services a community creates an annual operating budget. Each property becomes liable for its percentage of that budget based on the percentage of front feet their property has compared to the total amount of front feet as a special assessment in this community.

## 2-2 SPECIAL NEIGHBORHOOD HAZARDS AND NUISANCES

Physical conditions in some neighborhoods are hazardous to the personal health and safety of residents and may endanger physical improvements. These conditions include unusual topography, subsidence, flood zones, unstable soils, traffic hazards and various types of grossly offensive nuisances.

When reporting the appraisal, consider site hazards and nuisances.

- > If site hazards exist and cannot be corrected but do not meet the level of unacceptability, the appraisal must be based upon the current state.

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- > If the hazard and/or nuisance endangers the health and safety of the occupants or the marketability of the property, mark "YES" in VC-1 and return the unfinished appraisal to the lender.

(2-2) The lender, who is ultimately responsible for rejecting the site, relies on the appraiser's site analysis to make this determination. Guidelines for determining site acceptability follow. The appraiser is required to note only those readily observable conditions.

#### A. UNACCEPTABLE SITES

FHA guidelines require that a site be rejected if the property being appraised is subject to hazards, environmental contaminants, noxious odors, offensive sights or excessive noises to the point of endangering the physical improvements or affecting the livability of the property, its marketability or the health and safety of its occupants. Rejection may also be appropriate if the future economic life of the property is shortened by obvious and compelling pressure to a higher use, making a long-term mortgage impractical.

These considerations for rejection apply on a case-by-case basis, taking into account the needs and desires of the purchaser. For example, a site should not be considered unacceptable simply because it abuts a commercial use; some commercial uses may not appeal to a specific market segment while other commercial uses may.

If the condition is clearly a health and safety violation, reject the appraisal and return it to the lender. If there is any doubt as to the severity, report the condition and submit the completed report. The lender must clear the condition and may require an inspection or reject the property. For those conditions that cannot be repaired, such as site factors, the appraised value is based upon the existing conditions.

#### B. TOPOGRAPHY

There are special hazards caused by unique topography. For example, denuded slopes, soil erosion and landslides often adversely affect the marketability of hillside areas. When evaluating the site, consider earth and mud slides from adjoining properties, falling rocks and avalanches. These occurrences are associated with steep grades and must be considered in the site analysis.

#### C. SUBSIDENCE

Danger of subsidence is a special hazard that may be encountered under a variety of circumstances:

- o where buildings are constructed on uncontrolled fill or unsuitable soil containing foreign matter such as organic material
- o where the subsoil is unstable and subject to slippage or expansion

In mining areas, consider the depth or extent of mining operations and the site of operating or abandoned shafts or tunnels to determine if the danger is imminent, probable or negligible.

