

Real Property Acquisition Policy

Appraisals

The following appraisal process and standards will be used for all Projects:

1. **Number of Appraisals.** Whenever an acquisition involves real property (land, buildings, homes, etc.), one appraisal is required.
2. **Appraisals of Similar Properties.** Some projects will involve multiple acquisitions of similar properties; i.e. the acquisition of multiple vacant three family homes on the same block. In those projects, with prior DOH approval, the properties may be aggregated into a single contract with an appraisal firm with instructions to provide a single value that may be applied to all acquisitions.
3. **Fair Market Valuation. Fair Market Valuation.** The appraisal should provide two fair market values—one "as is" and one "to be developed". Appraisers should appraise properties: "as is" - to determine value for the highest and best use under current zoning, and "to be developed" - to determine value after proposed renovations or construction.
4. **Retention of Appraisal Firm.** The sponsor will select and commission one Connecticut licensed appraiser from a list provided by DOH. If acceptable to DOH, the firm will then be hired by DOH pursuant to an engagement letter. The sponsor will pay the appraisal fee to the DOH in advance. The DOH reserves the right to review, analyze, and/or modify the appraisal and, if deemed necessary by DOH, to commission a review appraisal which will be paid for by the sponsor.
5. **Only Certified General Appraisers may be used; Conformance to USPAP.** The appraisal will be performed by a Connecticut certified general appraiser and, at a minimum, conform to the Uniform Standards of Professional Appraisal Practice (USPAP). The appraisal must be signed and certified by the appraiser and should include the appraiser's state license number.
6. **Use of "Comparables".** A minimum of two-thirds of the properties used as comparisons must be non-government-assisted properties. Government-assisted property includes property acquisitions financed by HUD, USDA, CHFA, DOH and local governments.
7. **Sales History: Owner Affidavits.** As part of the acquisition file for each property acquired, the sponsor must secure from the seller an affidavit documenting the dates and terms (sales price) for the prior three sales of

the property or the sales history for the prior five years, whichever is greater. A sponsor must also place in the acquisition file a certification that it has reviewed the affidavits and that it is not acquiring a property where any unusual sales activity has occurred and that the acquisition is an "arms-length" transaction. (See attached "Owner's Affidavit"). The appraiser will also be instructed to provide from the municipal land records the sales history for the subject property for the last three arms-length sales.

8. **Non-federal fund Transactions.** If non-federal funds will be used for acquisition, then an appraisal secured by the primary lender may be substituted, provided the appraisal includes an "as developed" value and is reviewed and accepted by DOH. (Note that if State bond funds will be used, two independent appraisals are required.)
9. **Records Retention.** Appraisers should be instructed to retain their files/records regarding a DOH appraisal for five years after acceptance by DOH.
10. **Scattered Site Program.** If a scattered site homebuyer program, a copy of the bank's FHA appraisal must be obtained for the file.
11. **Subdivisions.** If the proposed project is for a to-be-developed subdivision, the sponsor is likely to seek an FHA endorsement for the subdivision so the buyers can secure FHA Mortgage Insurance. In those cases FHA will order a Master Appraisal Report that will set the Fair Market Value for each of the various style homes that are part of the development. Such an appraisal report is acceptable.
12. **Timeliness.** Unless it can be demonstrated to the satisfaction of the Commissioner that market conditions in a given locale have not changed appreciably, any appraisal that is more than six (6) months old must be updated. If, in the determination of the Commissioner, market conditions in a given locale are being subjected to sudden negative influences, the Commissioner may require that an appraisal that is less than six months old be updated.

Notifications

- Agents purchasing real property using federal funds must notify the seller or potential seller in writing that the acquisition of the property is completely voluntary and that the agent does not have the power of Eminent Domain (condemnation).
- When the agent makes an offer to acquire real property, the offer must be in writing and must include the basis upon which the offering price was determined; *i.e.* appraisal, market analysis, etc.

Sales History

- As part of the acquisition file for each property acquired, the sponsor must secure from the seller an affidavit documenting the dates and terms of the previous three sales of that property. A sponsor must also place in the acquisition file a certification that it has reviewed the affidavits and that it is not acquiring a property where any unusual sales activity has occurred and that the acquisition is an “arms-length transaction.
- In addition to the Owner’s Affidavit, the appraiser must be instructed to provide the sales history for the property for the past five years as documented in the town’s land records.