

Tips for Ordering Appraisals for an SBA 504 Loan

1. Let the appraiser know that the US Small Business Administration c/o Granite State Dev Corp should be included as an intended user throughout the body of the report.
2. Ask the appraiser to address the transmittal letter:
Bank Name
Bank Address
Bank City, State, Zip
AND
US Small Business Administration
c/o Granite State Development Corp
One Cate St
Portsmouth, NH 03802
3. Ensure that the appraiser provides at least two valuation approaches. When an appraisal is received with only one method of valuation, an Addendum to the report IS acceptable to the SBA. Also, a 2nd method completed as a test of reasonableness is acceptable to the SBA. The Sales Comparison approach is not usually applicable; however, the Appraiser can complete the exercise of a Sales Comparison approach, ultimately with no value of conclusion. This has been acceptable to the SBA as well. Finally, a 2nd method (WITH value conclusion) can be developed and completely thrown out in the reconciliation section of the report.
4. The SBA has recently implemented a new requirement for commercial property. They want to ensure that a 20-year financing term is appropriate. Please ask the Appraiser to make a statement within the report as to the remaining economic useful life of a property.
5. The report should also note the total rentable square footage of the building and what amount our Borrower will use (we need to prove 51% or greater occupancy of an existing building; 60% or greater for new construction). If the property will be owner-occupied, that statement must be made.
6. New SBA Requirement: Appraisers are to include a copy of their valid licenses in addition to their profile/professional resume.
7. An appraisal re-affirming letter is required when the construction and/or renovation is more than 33% of the purchase price of the property (at time of application). That means all construction (including contingency) divided by the purchase price of the real estate only equals 33% or greater. This will require the appraiser to do a site visit to confirm that the project is complete per the plans and specs he/she was given at the time of the original appraisal. NOTE: This is not a recertification of the value. A template of the letter is located under "Lender Forms" on our website **granitestatedev.com**.
8. An appraiser can always call and speak directly with a loan officer. Go to the "Contact Us" page on our website **granitestatedev.com** for names and phone numbers.