

# BPO Quality and Condition Rating Terms

Effective immediately, begin using these ratings for Quality and Condition when completing initial and updated BPOs. The Quality and Condition definitions presented in this guide will help you understand the ratings. Make the appropriate adjustment for the comparables.

## Quality Ratings and Definitions

III. COMPETITIVE CLOSED SALES							
ITEM	SUBJECT	COMPARABLE NUMBER 1		COMPARABLE NUMBER 2		COMPARABLE NUMBER 3	
Address							
Proximity to Subject		REO/CORP <input type="checkbox"/>		REO/CORP <input type="checkbox"/>		REO/CORP <input type="checkbox"/>	
Sale Price	\$	\$		\$		\$	
Price/Gross Living Area	\$ Sq.Ft.	\$ Sq.Ft.		\$ Sq.Ft.		\$ Sq.Ft.	
Data Source							
Sale Date & Days on Market							
VALUE ADJUSTMENTS	DESCRIPTION	DESCRIPTION	+(-) Adjustment	DESCRIPTION	+(-) Adjustment	DESCRIPTION	+(-) Adjustment
Sales or Financing Concessions							
Location							
Leasehold/Fee Simple							
Site							
View							
Design and Appeal							
Quality of Construction	<b>Q4</b>	<b>Q3</b>		<b>Q4</b>		<b>Q6</b>	
Year Built							
Condition							

### Q1

Dwellings with this quality rating are usually unique structures that are individually designed by an architect for a specified user. Such residences typically are constructed from detailed architectural plans and specifications and feature an exceptionally high level of workmanship and exceptionally high-grade materials throughout the interior and exterior of the structure. The design features exceptionally high-quality exterior refinements and ornamentation, and exceptionally high-quality interior refinements. The workmanship, materials, and finishes throughout the dwelling are of exceptionally high quality.

### Q2

Dwellings with this quality rating are often custom designed for construction on an individual property owner's site. However, dwellings in this quality grade are also found in high-quality tract developments featuring residences constructed from individual plans or from highly modified or upgraded plans. The design features detailed, high-quality exterior ornamentation, high-quality interior refinements, and detail. The workmanship, materials, and finishes throughout the dwelling are generally of high or very high quality.

### Q3

Dwellings with this quality rating are residences of higher quality built from individual or readily available designer plans in above-standard residential tract developments or on an individual property owner's site. The design includes significant exterior ornamentation and interiors that are well finished. The workmanship exceeds acceptable standards and many materials and finishes throughout the dwelling have been upgraded from "stock" standards.

### Q4

Dwellings with this quality rating meet or exceed the requirements of applicable building codes. Standard or modified standard building plans are utilized and the design includes adequate fenestration and some exterior ornamentation and interior refinements. Materials, workmanship, finish, and equipment are of stock or builder grade and may feature some upgrades.

### Q5

Dwellings with this quality rating feature economy of construction and basic functionality as main considerations. Such dwellings feature a plain design using readily available or basic floor plans featuring minimal fenestration and basic finishes with minimal exterior ornamentation and limited interior detail. These dwellings meet minimum building codes and are constructed with inexpensive, stock materials with limited refinements and upgrades.

### Q6

Dwellings with this quality rating are of basic quality and lower cost; some may not be suitable for year-round occupancy. Such dwellings are often built with simple plans or without plans, often utilizing the lowest quality building materials. Such dwellings are often built or expanded by persons who are professionally unskilled or possess only minimal construction skills. Electrical, plumbing, and other mechanical systems and equipment may be minimal or non-existent. Older dwellings may feature one or more substandard or non-conforming additions to the original structure.

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Price/Gross Living Area	\$	Sq.Ft.	\$	Sq.Ft.	\$	Sq.Ft.	\$
Data Source							
Sale Date & Days on Market							
VALUE ADJUSTMENTS	DESCRIPTION	DESCRIPTION	+(-) Adjustment	DESCRIPTION	+(-) Adjustment	DESCRIPTION	+(-) Adjustment
Sales or Financing Concessions							
Location							
Leasehold/Fee Simple							
Site							
View							
Design and Appeal							
Quality of Construction							
Year Built							
Condition	C4	C4		C3		C2	

## Condition Ratings and Definitions

### C1

The improvements have been very recently constructed and have not previously been occupied. The entire structure and all components are new and the dwelling features no physical depreciation.\*

*\*Note: Newly constructed improvements that feature recycled materials and/or components can be considered new dwellings provided that the dwelling is placed on a 100% new foundation and the recycled materials and the recycled components have been rehabilitated/re-manufactured into like-new condition. Recently constructed improvements that have not been previously occupied are not considered "new" if they have any significant physical depreciation (i.e., newly constructed dwellings that have been vacant for an extended period of time without adequate maintenance or upkeep).*

### C2

The improvements feature no deferred maintenance, little or no physical depreciation, and require no repairs. Virtually all building components are new or have been recently repaired, refinished, or rehabilitated. All outdated components and finishes have been updated and/or replaced with components that meet current standards. Dwellings in this category either are almost new or have been recently completely renovated and are similar in condition to new construction.

### C3

The improvements are well maintained and feature limited physical depreciation due to normal wear and tear. Some components, but not every major building component, may be updated or recently rehabilitated. The structure has been well maintained.

### C4

The improvements feature some minor deferred maintenance and physical deterioration due to normal wear and tear. The dwelling has been adequately maintained and requires only minimal repairs to building components/mechanical systems and cosmetic repairs. All major building components have been adequately maintained and are functionally adequate.

### C5

The improvements feature obvious deferred maintenance and are in need of some significant repairs. Some building components need repairs, rehabilitation, or updating. The functional utility and overall livability is somewhat diminished due to condition, but the dwelling remains useable and functional as a residence.

### C6

The improvements have substantial damage or deferred maintenance with deficiencies or defects that are severe enough to affect the safety, soundness, or structural integrity of the improvements. The improvements are in need of substantial repairs and rehabilitation, including many or most major components.

## BPO Quality and Condition Rating Terms

**In the BPO Comments, include whether the property is Not Updated, Updated, or Remodeled according to the definitions below:**

### **Not Updated**

**Little or no updating or modernization. This description includes, but is not limited to, new homes.**

Residential properties of fifteen years of age or less often reflect an original condition with no updating, if no major components have been replaced or updated. Those over fifteen years of age are also considered not updated if the appliances, fixtures, and finishes are predominantly dated. An area that is 'Not Updated' may still be well maintained and fully functional, and this rating does not necessarily imply deferred maintenance or physical/functional deterioration.

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### **Updated**

**The area of the home has been modified to meet current market expectations. These modifications are limited in terms of both scope and cost.**

An updated area of the home should have an improved look and feel, or functional utility. Changes that constitute updates include refurbishment and/or replacing components to meet existing market expectations. Updates do *not* include significant alterations to the existing structure.

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### **Remodeled**

**Significant finish and/or structural changes have been made that increase utility and appeal through complete replacement and/or expansion.**

A remodeled area reflects fundamental changes that include multiple alterations. These alterations may include some or all of the following: replacement of a major component (cabinet(s), bathtub, or bathroom tile), relocation of plumbing/gas fixtures/appliances, significant structural alterations (relocating walls, and/or the addition of square footage). This would include a complete gutting and rebuild.