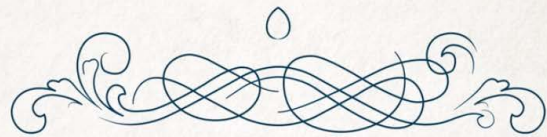




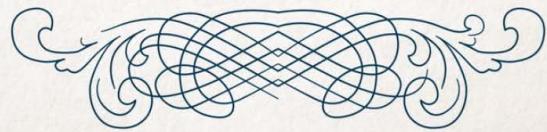
# Property Condition Ratings Reference Guide

December 2020

The Noble Appraiser Series  
**The Condition Rating  
Cloud of Confusion**



**One day...**



[Jump to Property Condition Ratings Summary](#)



a mysterious cloud descended  
upon the Land of Real Estate...



casting condition rating  
confusion throughout the land.

[Jump to Property Condition Ratings Summary](#)



Condition ratings are dependent  
on quality ratings and location.



Soon, many appraisers  
suffered under its spell.

[Jump to Property Condition Ratings Summary](#)



Yet a special appraiser  
walked unharmed.



The Noble Appraiser witnessed  
the confusion and thought...

[Jump to Property Condition Ratings Summary](#)

Condition ratings are based **solely** on UAD standardized condition definitions.



Suddenly, she knew what must be done.

[Jump to Property Condition Ratings Summary](#)



[Jump to Property Condition Ratings Summary](#)



[Jump to Property Condition Ratings Summary](#)





[Jump to Property Condition Ratings Summary](#)



C1

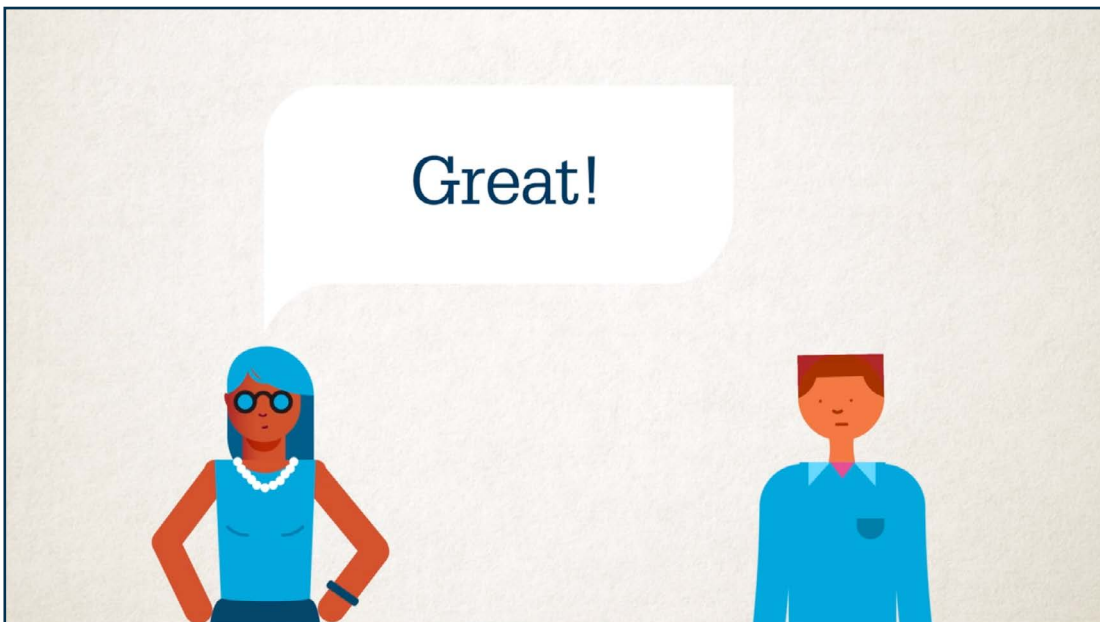
She reminded the appraiser that improvements aren't "new"...



C1

if they have any significant physical depreciation...

[Jump to Property Condition Ratings Summary](#)



[Jump to Property Condition Ratings Summary](#)



With her assistance, a curious thing began to happen:



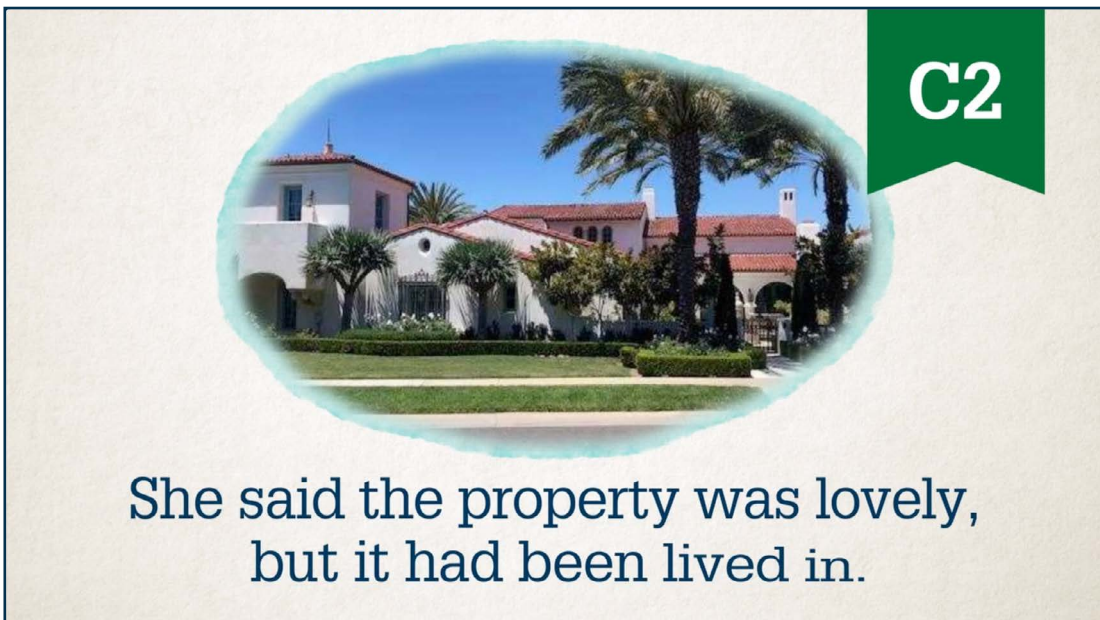
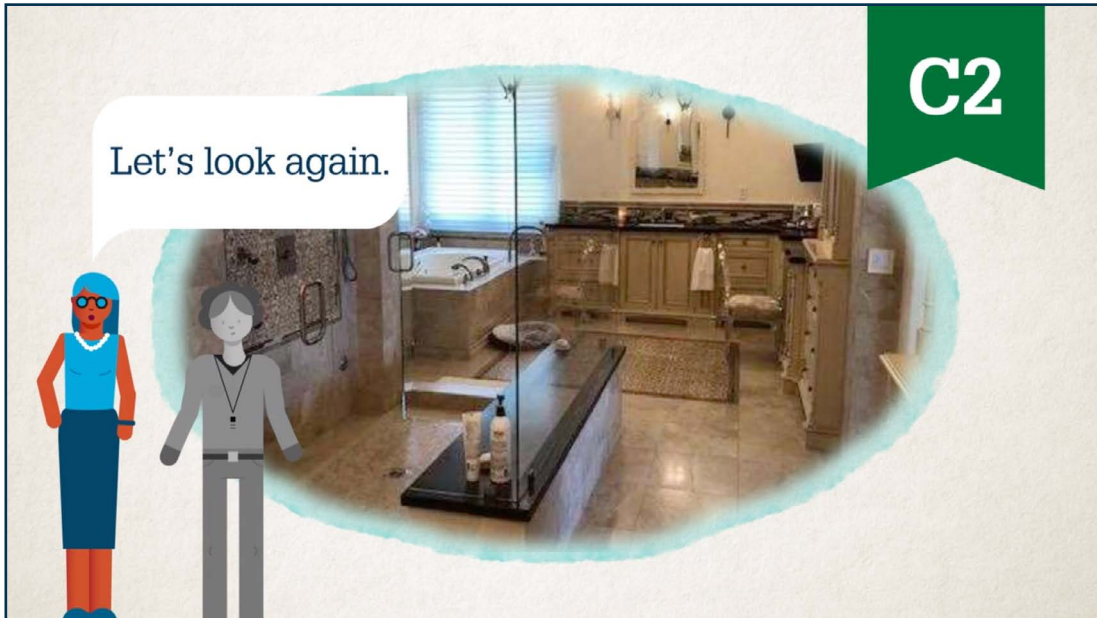
The clouds began to clear.

[Jump to Property Condition Ratings Summary](#)

**Emboldened,  
the Noble Appraiser continued on.**



[Jump to Property Condition Ratings Summary](#)



[Jump to Property Condition Ratings Summary](#)

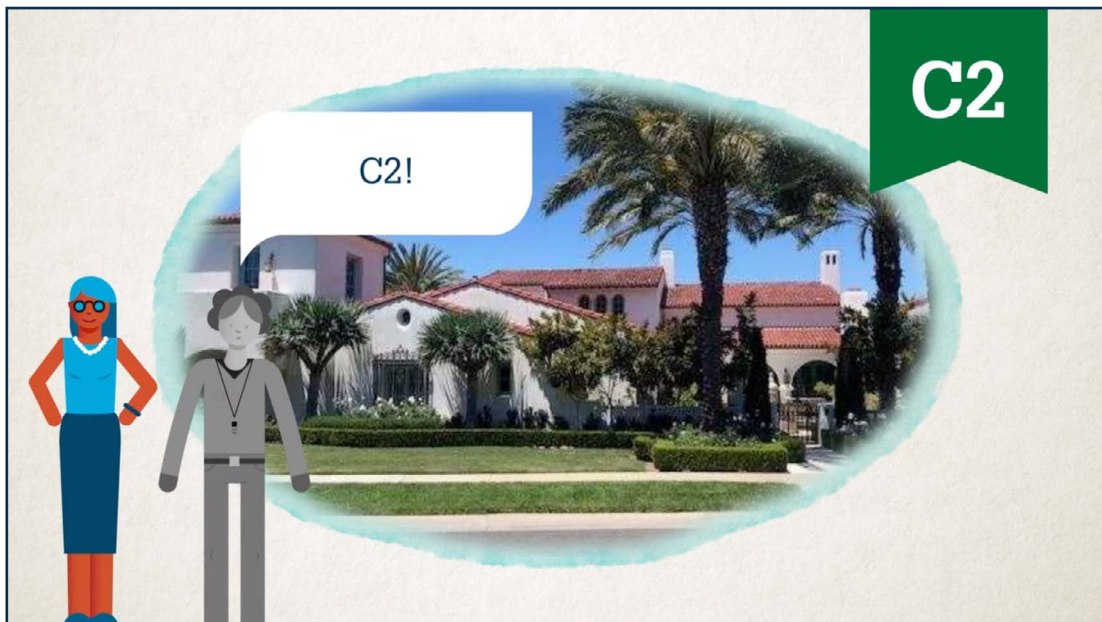
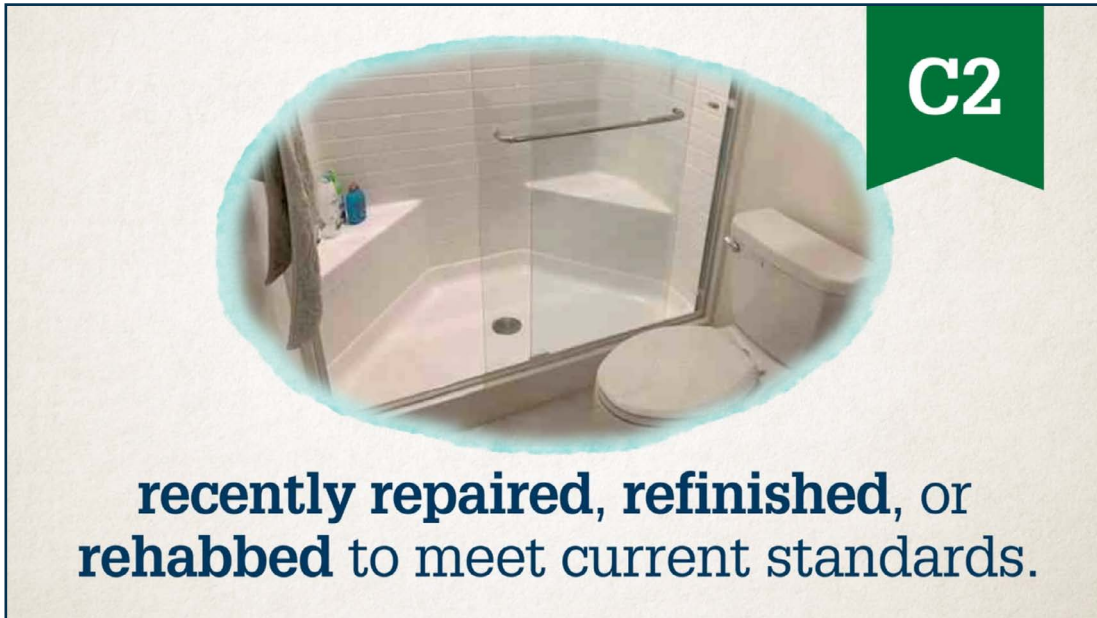


[Jump to Property Condition Ratings Summary](#)

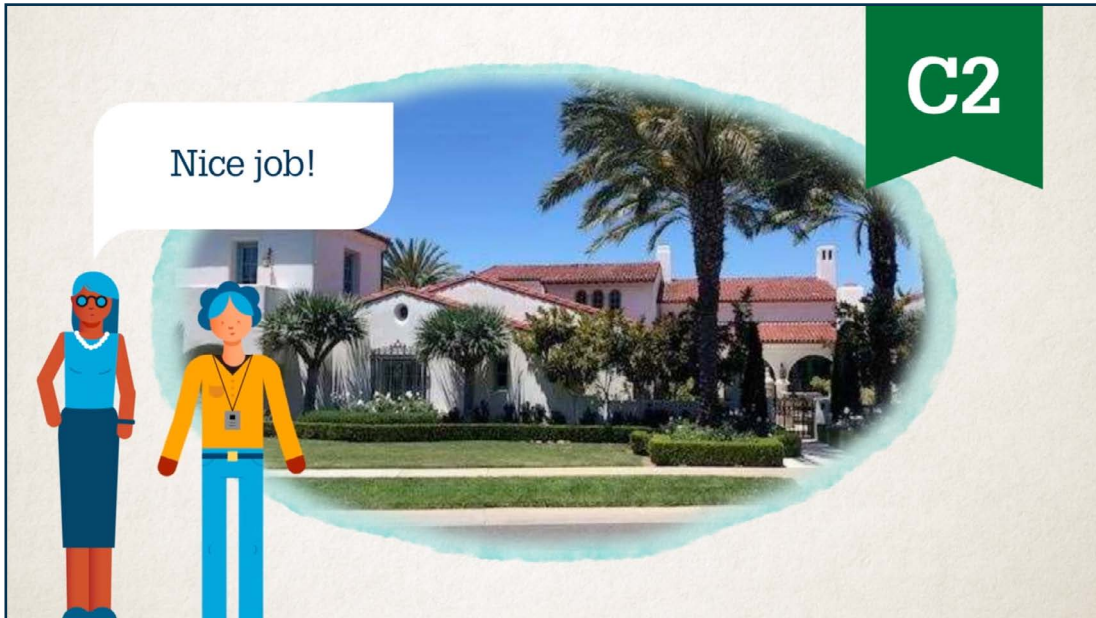


[Jump to Property Condition Ratings Summary](#)





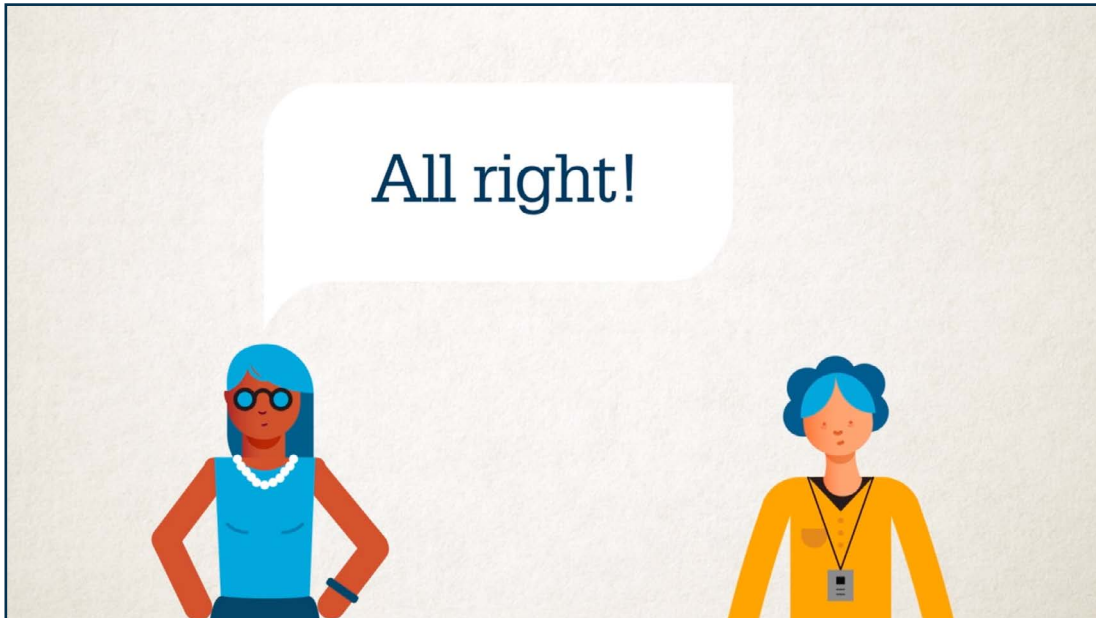
[Jump to Property Condition Ratings Summary](#)



[Jump to Property Condition Ratings Summary](#)



[Jump to Property Condition Ratings Summary](#)



**The Noble Appraiser pressed on.**

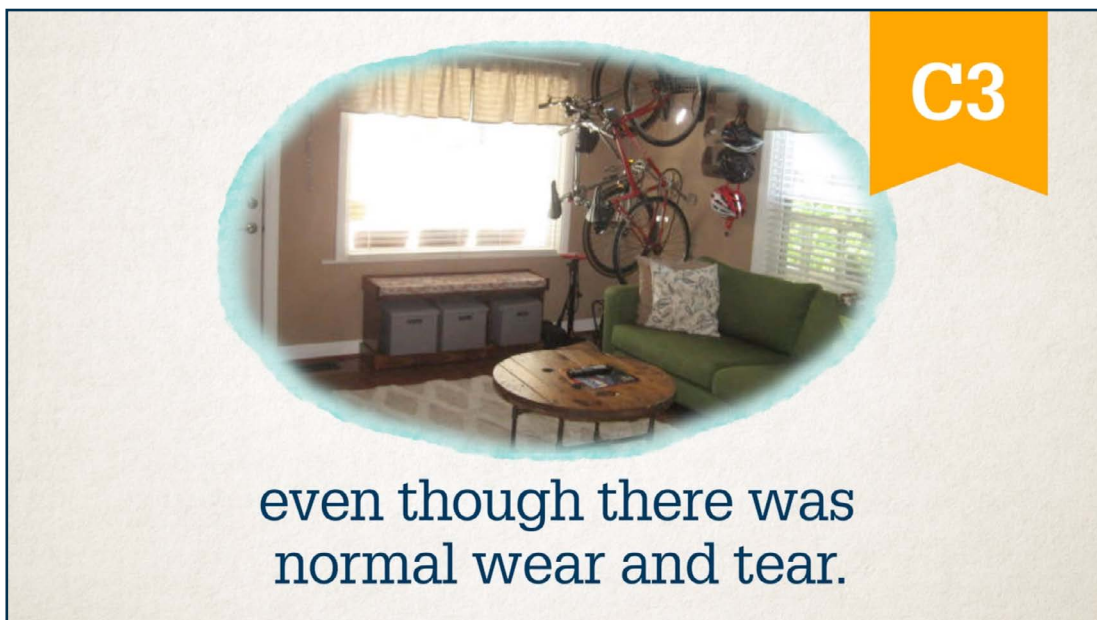
[Jump to Property Condition Ratings Summary](#)



[Jump to Property Condition Ratings Summary](#)



The improvements  
were well maintained...



even though there was  
normal wear and tear.

[Jump to Property Condition Ratings Summary](#)



C3

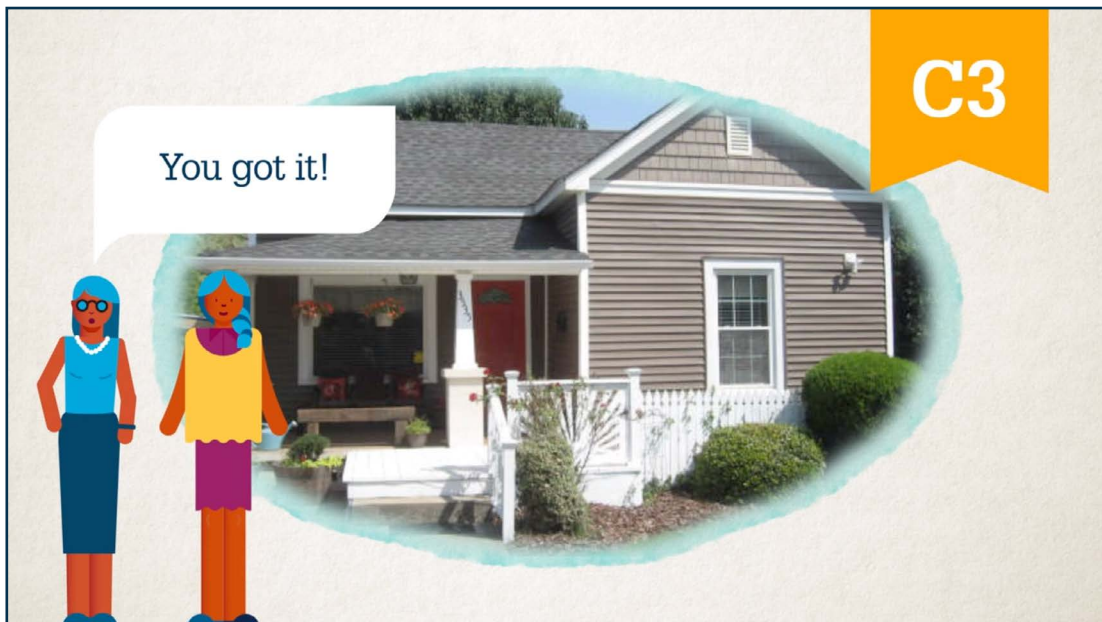
Yet the kitchen and other components were recently updated...



C3

and, overall, the structure had been kept sound.

[Jump to Property Condition Ratings Summary](#)



[Jump to Property Condition Ratings Summary](#)





[Jump to Property Condition Ratings Summary](#)



[Jump to Property Condition Ratings Summary](#)

**The Noble Appraiser could feel  
the winds shifting in her favor.**



[Jump to Property Condition Ratings Summary](#)



[Jump to Property Condition Ratings Summary](#)



and some physical deterioration  
due to normal wear and tear.



But the home and  
major building components...

[Jump to Property Condition Ratings Summary](#)



C4

were adequately maintained  
and only needed small repairs...



C4

to major building components  
and mechanical systems...

[Jump to Property Condition Ratings Summary](#)



[Jump to Property Condition Ratings Summary](#)



[Jump to Property Condition Ratings Summary](#)



**Also, C3s and C4s  
are often confused,  
so she showed comparisons.**

**C3**



**C4**



[Jump to Property Condition Ratings Summary](#)

**C3**



**C4**



**The Noble Appraiser continued on.**

[Jump to Property Condition Ratings Summary](#)



[Jump to Property Condition Ratings Summary](#)




[Jump to Property Condition Ratings Summary](#)



**C5**

Some building components needed repairs, rehab, or updating...



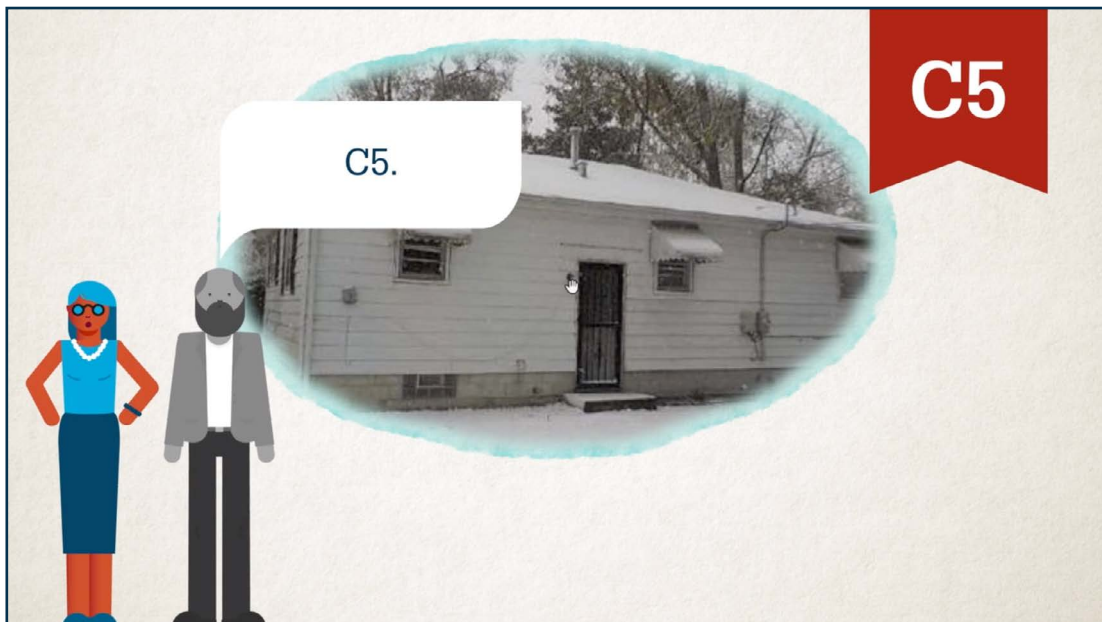
**C5**

leading to the diminishment of functional utility and overall livability.

[Jump to Property Condition Ratings Summary](#)



[Jump to Property Condition Ratings Summary](#)



[Jump to Property Condition Ratings Summary](#)



**Her spirits began to lift  
as she felt the end was nigh.**

[Jump to Property Condition Ratings Summary](#)





[Jump to Property Condition Ratings Summary](#)



**C6**

The house had  
extensive damage...



**C6**

and maintenance was deferred,  
causing defects that affected...

[Jump to Property Condition Ratings Summary](#)



**C6**

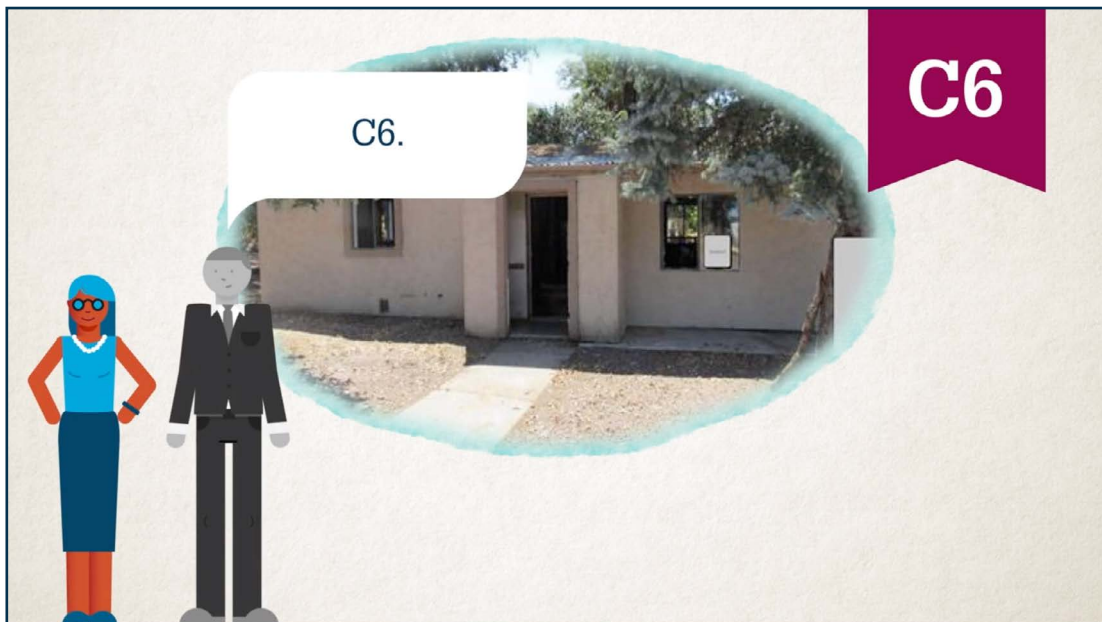
the **safety, soundness,** and **structural integrity** of the house.



**C6**

The house needed substantial repairs and rehab...

[Jump to Property Condition Ratings Summary](#)



[Jump to Property Condition Ratings Summary](#)



[Jump to Property Condition Ratings Summary](#)

Condition ratings must reflect a **holistic view** of the condition of the property improvements.



Soon, all of the clouds dispersed.

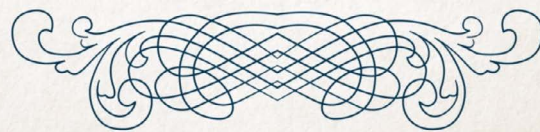
[Jump to Property Condition Ratings Summary](#)



And appraisal harmony  
was restored throughout the land.



**THE END**



[Jump to Property Condition Ratings Summary](#)

**Moral:** One or two minor inferior or superior property improvements shouldn't affect a dwelling's overall rating.

**Bonus Tip:** Taking clear pics of the entire property can help users of the appraisal understand your condition ratings.



[Jump to Property Condition Ratings Summary](#)

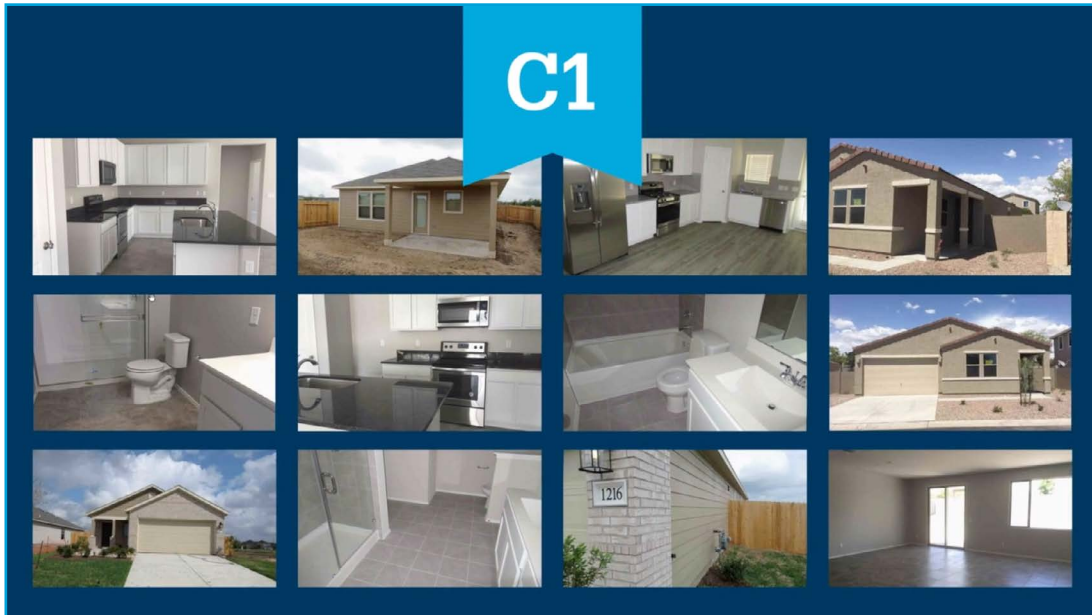




## Property Condition Ratings

For appraisals required to be completed with the UAD, the appraiser must assign one of the following standardized Condition ratings when identifying the condition of the improvements for the subject property and comparable sales.

[Jump to Property Condition Ratings Summary](#)



## 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 percent new foundation and the recycled materials and the recycled components have been rehabilitated/re-manufactured into like-new condition. Improvements that have not been previously occupied are not considered “new” if they have any significant physical depreciation (that is, newly constructed dwellings that have been vacant for an extended period of time without adequate maintenance or upkeep).*

[Jump to Property Condition Ratings Summary](#)



## 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.

**Note:** *The improvements represent a relatively new property that is well-maintained with no deferred maintenance and little or no physical depreciation, or an older property that has been recently completely renovated.*

[Jump to Property Condition Ratings Summary](#)



## 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.

**Note:** *The improvement is in its first-cycle of replacing short-lived building components (appliances, floor coverings, HVAC, etc.) and is being well-maintained. Its estimated effective age is less than its actual age. It also may reflect a property in which the majority of short-lived building components have been replaced but not to the level of a complete renovation.*

[Jump to Property Condition Ratings Summary](#)



## 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.

**Note:** *The estimated effective age may be close to or equal to its actual age. It reflects a property in which some of the short-lived building components have been replaced, and some short-lived building components are at or near the end of their physical life expectancy; however, they still function adequately. Most minor repairs have been addressed on an ongoing basis resulting in an adequately maintained property.*

[Jump to Property Condition Ratings Summary](#)



## 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 are somewhat diminished due to condition, but the dwelling remains useable and functional as a residence.

**Note:** *Some significant repairs are needed to the improvements due to the lack of adequate maintenance. It reflects a property in which many of its short-lived building components are at the end of or have exceeded their physical life expectancy, but remain functional.*

[Jump to Property Condition Ratings Summary](#)

## C6



### 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.

**Note:** *Substantial repairs are needed to the improvements due to the lack of adequate maintenance or property damage. It reflects a property with conditions severe enough to affect the safety, soundness, or structural integrity of the improvements.*

[Jump to Property Condition Ratings Summary](#)



Fannie Mae®

For more details about our appraisal requirements, visit  
[fanniemae.com/appraisers](https://fanniemae.com/appraisers)

This summary is intended for reference only. All criteria are subject to the formal terms and conditions of the Fannie Mae Selling Guide. In the event of any conflict with this document, the Selling Guide will govern.

©2020 Fannie Mae

[Jump to Property Condition Ratings Summary](#)

