



Date: February 28, 2024

Dear Lender Letter 2024-02

To: All Tribes
All Tribally Designated Housing Entities
All Section 184 Approved Lenders and Servicers
All Section 184A Approved Lenders and Servicers
Department of Hawaiian Home Lands

Subject Updated Appraisal Validity Periods

Purpose This Dear Lender Letter (DLL) extends the initial appraisal and appraisal update validity periods for Section 184 and Section 184A loans.

Effective Date The provisions of this DLL apply to Section 184 and Section 184A case numbers assigned on or after February 28, 2024.

For appraisals related to Servicing and Loss Mitigation, the provisions of this DLL apply to appraisals with effective dates on or after February 28, 2024.

Public Feedback The Office of Native American Programs (ONAP) welcomes feedback from interested parties for a period of 30 calendar days from the date of issuance. To provide feedback on this policy document, please send feedback to Section184Comments@HUD.gov. ONAP will consider the feedback in determining the need for future updates.

Affected Programs This guidance applies to the Section 184 and Section 184A programs.

This DLL supersedes chapter 4, section 4.10.B.4 of the Section 184 Processing Guidelines for the Section 184 program.

This DLL supersedes chapter 4, section 4.10.B(3) of the Section 184A Hawaiian Housing Loan Guarantee Program Processing Guidelines.

Background

On July 12, 2022, the Federal Housing Administration (FHA) issued administrative guidance extending the appraisal validity periods for FHA-insured single-family mortgages. According to FHA, increasing the appraisal validity periods decreases administrative and financial burdens associated with obtaining appraisal updates. FHA further stated the change would more closely align with the U.S. Department of Veterans Affairs Notice of Value validity period and the total validity period of appraisals for the Government Sponsored Enterprises.

Because Section 184 and Section 184A programs have historically followed FHA's lead on appraisal validity periods, ONAP has determined continuing to do so is appropriate for both these programs.

Summary of Changes

This DLL updates the initial appraisal validity period from 120 days to 180 days from the effective date of the appraisal report.

Additionally, this DLL extends the appraisal update validity period from 240 days to one year. The optional 30-day extension is removed.

Appraisal Validity Periods

Initial Appraisal Validity period. The initial appraisal validity period is 180 days from the effective date of the appraisal report.

Appraisal Update. Where the initial appraisal report will be more than 180 days at closing date, an appraisal update may be performed to extend the appraisal validity period. When the initial appraisal is updated, the updated appraisal is valid for one year after the effective date of the initial report that is being updated.

Questions

Any questions regarding this DLL may be directed to Section184Comments@HUD.gov

Signature

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Public and Indian Housing

