



FHA INFO 2022-71

July 12, 2022

In this Announcement:

- FHA Implements Revised Appraisal Validity Period Guidance
- Appraisal Logging Changes in FHA Connection

See below for details.

FHA Implements Revised Appraisal Validity Period Guidance

Today, the Federal Housing Administration (FHA) published [Mortgagee Letter \(ML\) 2022-11, Revised Appraisal Validity Periods](#).

For most Title II forward and Home Equity Conversion Mortgage (HECM) originations, FHA is extending the initial appraisal validity period from 120 days to 180 days and the appraisal update validity period from 240 days to one year. These changes align FHA appraisal validity periods with industry practices, making it easier for lenders to operationally manage appraisal validity while potentially reducing appraisal costs for mortgagees and ultimately, borrowers seeking FHA-insured mortgage financing.

The appraisal validity period establishes the maximum time mortgagees may use an appraisal report for an FHA-insured mortgage. This also includes the time FHA permits mortgagees to utilize an appraisal update to extend the initial appraisal validity period.

With these changes, the current optional 30-day extension is no longer necessary. In addition, FHA is removing the requirement for an update to be performed before the initial appraisal has expired.

The ML, which applies to the following FHA Single Family Title II Forward and HECM programs, outlines the policy updates noted below:

For **Origination through Post-Closing/Endorsement**, the ML:

- applies to case numbers assigned on or after June 1, 2022;
- updates the initial appraisal validity period from 120 days to 180 days from the effective date of the appraisal report;

- extends the appraisal update validity period from 240 days to one year from the effective date of the initial appraisal report; and
- eliminates the optional 30-day extension.

For **Servicing and Loss Mitigation**, the ML:

- applies to appraisals with effective dates on or after July 12, 2022; and
- updates the initial appraisal validity period from 120 days to 180 days from the effective date of the appraisal report.

For **HECM Financial Assessment and Property Charge**, the ML:

- applies to case numbers assigned on or after June 1, 2022;
- updates the initial appraisal validity period from 120 days to 180 days from the effective date of the appraisal report; and
- extends the appraisal update validity period from 240 days to one year.

The updates highlighted in this ML will be incorporated in a future version of the [*Single Family Housing Policy Handbook 4000.1*](#).

Appraisal Logging Changes in FHA Connection

Modifications to the appraisal-related functionality in FHA Connection (FHAC) will also be implemented. For all case numbers assigned on or after September 6, 2022, the Appraisal Effective Date field on the FHAC Appraisal Logging screen will no longer be editable. Appraisal Logging for this field is automatically pre-filled with the information submitted from the electronic appraisal report.

The effective date of the appraisal establishes the start of the appraisal validity period and indicates the date the appraiser inspected the property. The effective date of the appraisal must be reported accurately on the appraisal report and in FHA systems. A revised appraisal submission will be required for any changes to the Appraisal Effective Date field in FHAC.

Edits to this field submitted through the Business-to-Government (B2G) connection, for case numbers assigned on or after September 6, 2022, will not be processed.

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