



FHA INFO 2024-43

July 2, 2024

### FHA Announces Technology Updates and Webinar for its Appraisal Review and Reconsideration of Value Policy

Today, the Federal Housing Administration (FHA) is announcing updates to its [FHA Connection \(FHAC\)](#) system and an industry stakeholder briefing webinar as part of the implementation of its *Appraisal Review and Reconsideration of Value Updates Mortgagee Letter (ML) 2024-07* published on May 1, 2024.

[This](#) ML established standards for appraisal reviews and FHA's Reconsideration of Value (ROV) policies, including requirements for a process by which borrowers may request an ROV if they identify a problem with the appraisal. The ML required mortgagees to offer a borrower-initiated ROV process meeting certain minimum requirements, including delivery of disclosures to borrowers at loan application and upon delivery of the appraisal with instructions on how to request an ROV.

In support of the changes announced in the ML, FHA is modifying FHAC for forward and Home Equity Conversion Mortgages (HECM) as follows:

A sub-section titled "**Borrower Request for Appraisal Review Information**" will be added to the Endorsement information section of the Insurance Application screen where mortgagees will respond the following questions:

#### **A Request for Review of Appraisal Result was received from the Borrower**

- Requires a selection of Yes or No from the drop-down list.
- If No is selected, then no further information is required in this section.
- If Yes is selected, the following questions are activated, and a response is required:

#### **What was the basis for the Review?** (Select all that apply)

- Inadequate comparable properties.
- Factual or other errors or omissions.
- Complaint that the appraisal was influenced by prohibited bias.
- Other: (entry is required if selected)

**How did the Mortgagee resolve the request? (Select one)**

- The Underwriter resolved without further action. Sufficient detail must be retained in Case Binder.
- The Underwriter submitted a Reconsideration of Value request to the Appraiser. The revised version of the appraisal with the Appraiser's response was logged in FHAC.
- The Underwriter determined the Appraisal was materially deficient. A Second Appraisal was obtained and logged in FHAC.
- Other: (entry is required if selected)

This new functionality will be available for case numbers assigned on or after Monday, September 2, 2024. The [FHAC Guide](#) has been updated and is available on the portal homepage. The FHAC Guide has detailed instructions for the Borrower Request for Appraisal Review Information Section available on page 20 of [Endorsing a Single Family FHA Case](#) for forward mortgages and page 17 of [Endorsing a HECM Case](#) for reverse mortgages.

For submissions through FHAC Business-to-Government (B2G), the data must be submitted for case numbers assigned on or after Monday September 2, 2024. The FHAC B2G submission requirements accommodate the new data fields. Refer to the [B2G Interface webpage](#) for technical requirements.

Mortgagees must also retain all documentation associated with an ROV in the FHA Case Binder. This includes all written communication among the Mortgagee, the Borrower, the Appraiser, and any other parties involved in the ROV process.

As a reminder, the provisions of [ML 2024-07](#) may be implemented immediately but must be implemented for FHA case numbers assigned on or after September 2, 2024.

**Industry Stakeholder Briefing**

FHA subject matter experts will host an industry stakeholder briefing webinar for mortgagees and other interested parties in FHA transactions regarding the recent update to its Appraisal Review and ROV Guidance. Briefing details include:

- **Title:** FHA's Appraisal Review and Reconsideration of Value Guidance Updates
- **Dates:** Thursday, August 8, 2024
- **Time:** 2:00 PM–3:00 PM (Eastern)
- **Target Audience:** Mortgagees, Loan Officers, Loan Processors, Appraisers, Underwriters, Compliance Personnel and other industry professionals
- **Register** for the live webinar

Registrants are invited to pre-submit questions to [sfeedback@hud.gov](mailto:sfeedback@hud.gov) with the subject line: **Updates to FHA's Appraisal Review and ROV Guidance Webinar**. The deadline to submit questions is **Thursday, August 1, 2024**.

**Need Support? Contact the FHA Resource Center.**

- Visit our knowledge base to obtain answers to frequently asked questions 24/7 at [www.hud.gov/answers](http://www.hud.gov/answers).

- E-mail [answers@hud.gov](mailto:answers@hud.gov). Emails and phone messages will be responded to during normal hours of operation, 8:00 AM to 8:00 PM (Eastern), Monday through Friday on all non-Federal holidays.
- Call 1-800-CALLFHA (1-800-225-5342). Persons with hearing or speech impairments may reach this number by calling the Federal Relay Service at 1-800-877-8339.

#### **About FHA INFO**

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