



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

WASHINGTON, DC 20410-8000

ASSISTANT SECRETARY FOR HOUSING-
FEDERAL HOUSING COMMISSIONER

January 12, 2011

MORTGAGEE LETTER 2011-07

To: **ALL APPROVED MORTGAGEES**
ALL FHA ROSTER APPRAISERS

Subject: **Elimination of the Master Appraisal Report (MAR)**

**Purpose of
Of this
Mortgagee
Letter**

This Mortgagee Letter announces the elimination of the Master Appraisal Report (MAR) as an acceptable appraisal reporting procedure in the valuation of one to four unit single family properties to be security for Federal Housing Administration (FHA) insured mortgages. Additionally, this Mortgagee Letter retires forms HUD-91322 (MAR), HUD-91322.1 (MAR, Attachment Number 1), HUD-91322.2 (MAR, Amendment) and HUD-91322.3 (Statement of Appraised Value) as well as HUD Handbook 4115.3, Master Conditional Commitment Procedure.

Effective date

As of January 12, 2011, no new case numbers may be assigned in which the appraisal report is a MAR and any case numbers that have been previously issued in connection with a MAR and which have not been assigned to a specific individual property may not be used. For those cases numbers that have been issued in connection with a MAR but not assigned to a specific property, Mortgagees must obtain a new case number in the Case Number Connection Screen in FHA Connection. In determining the maximum mortgage amount for an individual unit within a larger housing project, Mortgagees must ensure that each individual unit, which is to be security for a FHA-insured mortgage, is appraised on an individual basis.

Background

A MAR is comprised of forms HUD 91322 through 91322.3 and an appraisal(s) performed on a model(s) within a Planned Unit Development (PUD), Condominium or Subdivision. The MAR consists of value estimates of individual unit/models; individual option(s) values and individual lot

values for premium lots. MARs may only be used for five or more lots/units in the same phase or project of a development and can only be used for proposed construction. Lenders may use reconsideration to alter values of one or more model or options or the entire MAR. Historically, lenders and builders have used MARs to reduce appraisal costs and loan processing times and achieve consistency in value for the same model.

Elimination of the MAR

Until the release of Mortgage Letter 2009-30, which reduced the validity period to 120 days for all appraisals performed for purposes of FHA-insured financing, MARs had a validity period of 1 year and this validity period could, in some cases, be extended for an additional year. The shortened appraisal validity period largely removed the advantages of using MARs. As economic instability continues to impact many segments of the economy and the housing market in particular, the Department has determined that it is in the best interest of the Insurance Fund to prohibit the use of MARs and to require an appraisal be performed on each individual unit within a larger housing project to determine the maximum mortgage amount of the property to be security for the mortgage.

Information Collection Requirements

Paperwork reduction information collection requirements contained in this document are pending determination by the Office of Management and Budget (OMB) under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501-3520) and assigned OMB Control Number 2502-0493. In accordance with the Paperwork Reduction Act, HUD may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection displays a currently valid OMB Control Number.

Questions

If you have questions concerning this Mortgage Letter, please call the FHA Resource Center at 1-800-CALLFHA (1-800-225-5342). Persons with hearing or speech impairments may reach this number via TDD/TTY by calling 1-877-TDD-2HUD (1-877-833-2483).

Signature

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