

April 3, 2015



**TO: All FHA-Approved Lenders and Mortgagees
All Other Interested Parties**

NEWS AND UPDATES

A Closer Look: Addressing Appraiser and Property Requirements, and Appraisal Report and Data Delivery

As announced on March 18, 2015, the Federal Housing Administration (FHA) published its appraiser and property requirements in the *Origination through Post-Closing/Endorsement for Title II Forward Mortgages* (Origination through Endorsement) section of its [Single Family Housing Policy Handbook](#) (SF Handbook; HUD Handbook 4000.1). FHA also published its supplemental *Single Family Housing Appraisal Report and Data Delivery Guide*. With these publications, FHA now has a complete set of policies and requirements, in a consolidated form, that are most commonly used by both appraisers and underwriters.

FHA will host an industry briefing conference call to provide an overview of this content for appraisers and underwriters on **April 16, 2015**. Call details are provided later in this email.

Appraiser and Property Requirements

The *Appraiser and Property Requirements for Title II Forward and Reverse Mortgages* (Appraiser and Property Requirements) section is now located in Section II.B of the SF Handbook. Appraisers will use these policies when performing appraisals, including determining property eligibility, for mortgages with FHA case numbers assigned **on or after June 15, 2015**.

In addition to revisions to language in order to achieve the goal of clear, direct, and consistent language and terminology, the newly published Appraiser and Property Requirements section contains the following key policy revisions that were proposed as part of the draft section posted for feedback in July 2014:

- Properties with a Legal Non-Conforming Use: requiring the appraiser to comment if improvements can be rebuilt by right.
- Accessory Dwelling Units: emphasizing Highest and Best Use to determine property type of classification.
- Attic and Crawl Space Inspection Requirements: clarifying that FHA requires an inspection.
- General Acceptance Criteria, Property Eligibility, and Non-Residential Use of Property: ensuring that mixed-use properties comply with zoning.
- Cost and Income Approach for Value: all appropriate approaches must be utilized when applicable.
- Sales History of Comps: Requiring three years or more, instead of one year, and requiring due diligence by the appraiser for analyzing prior sales of comparable properties.

- Energy Efficient Building Components, Solar Systems, etc.: requiring that contributory value of building components that enhance efficiency or energy savings must be analyzed and reported. FHA requires that the appraiser utilize all appropriate methods of valuation and does not restrict this to only a matched pairs analysis.

Single Family Housing Appraisal Report and Data Delivery Guide

In conjunction with the publication of the Appraiser and Property Requirements section, FHA also published its *Single Family Housing Appraisal Report and Data Delivery Guide* on March 18, 2015. Although not part of the SF Handbook, the guide works in conjunction with the appraiser-related policies contained in the SF Handbook's Origination through Endorsement section.

Available from FHA's [SF Handbook References](#) web page, the guide includes all of the appraisal report and data format requirements and instructions for appraisers to complete, and for mortgagees to deliver, appraisal reports and data to FHA for an FHA-insurable mortgage.

Read more about these and other newly published SF Handbook sections in FHA's March 18, 2015 [online article](#).

Overview Conference Call for Appraisers and Underwriters

FHA will host the following industry briefing conference call to provide an overview of the published version of the Appraiser and Property Requirements section and the *Appraisal Report and Data Delivery Guide*:

- Date: April 16, 2015
- Time: 2:00 PM - 3:00 PM (Eastern)
- Title: SF Handbook Appraiser & Property Requirements
- Dial-in Number: (866) 254-5938
- Participant Access Code: 355444 (Please note that this access code has changed from the code published in FHA's online article on March 18, 2015.)

Attendees should thoroughly review the content referenced above, and have access to this information during the call.

Quick Links

- Access the SF Handbook on HUD's Client Information Policy Systems (HUDClips) web page at: <http://portal.hud.gov/hudportal/documents/huddoc?id=40001HSGH.pdf>
- View FHA's March 18, 2015 online article at: http://portal.hud.gov/hudportal/documents/huddoc?id=SFH_HB_MORE_APPR.PDF.

Resources

Contact the FHA Resource Center:

- Visit our online knowledge base to obtain answers to frequently asked questions 24/7 at www.hud.gov/answers.
- E-mail the FHA Resource Center at 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 Information Relay Service at 1-800-877-8339.

RESOURCE INFORMATION

FHA INFO Archives:

Visit the [FHA INFO Archives](#) to access FHA INFO messages issued from 2012 to the present.

Subscribe/Unsubscribe Instructions:

To subscribe to the Single Family FHA INFO mailing list you can use this link: [FHA INFO](#) or send a request by email to: answers@hud.gov
Bulk subscriptions: To sign up your entire office or a large group, send the list of email addresses (in the format below) to: answers@hud.gov
aaa@xyz.com
bbb@xyz.com
ccc@xyz.com
[To Unsubscribe](#) follow the unsubscribe instructions on that page.

Resource Links:

Archived Webinars	Foreclosure Assistance
Career Opportunities	Grant Opportunities
Contracting Opportunities	HUD Homes Property Listings
Events & Training	HUD.gov
FHA Forms	Making Home Affordable
FHA Homeownership Centers	Presidentially Declared Disaster Areas
FHA Mortgage Letters	Visit our Single Family Home Page



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