



FHA's Office of Single Family Housing Training Module

Single Family Program Development

The Single Family Housing Policy Handbook: Appraiser and Property Requirements

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to the Collateral Risk Network

The information in this document is current as of the Last Update date noted above. This document does not establish or modify the policy contained in FHA's Handbooks and Mortgagee Letters in any way.





Today's Presentation

- Doing Business with FHA Sections
- Appraisal and Property Requirements Section for Title II Forward and Reverse Mortgages
- Quality Control, Oversight & Compliance Sections
- Appraisal Report and Data Delivery Guide
- Electronic Appraisal Delivery



SF Handbook Overview

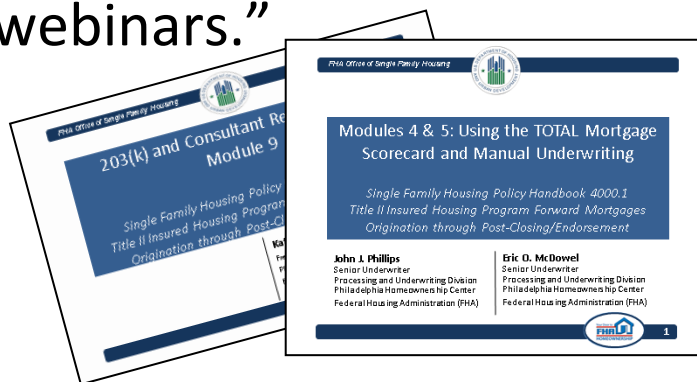
FHA's *Single Family Housing Policy Handbook* (SF Handbook; HUD Handbook 4000.1) is a:

- **Consolidated;**
- **Consistent; and**
- **Comprehensive** single source for FHA Single Family Housing Policy.



Web-based Training

- Self-paced, pre-recorded modules for Origination through Endorsement.
- Multiple modules provide in-depth detail.
- Available 24/7 on www.HUD.gov.
- Go to www.HUD.gov and search “single family handbook webinars.”





Section I.B.1

Doing Business with FHA-Other Participants-Appraisers



Doing Business-Other Participants-Appraisers

- First published section of “Other Participants” released March 18, 2015; effective September 14, 2015.
- FHA Roster Appraiser Eligibility.
- Appraiser Roster Application Process.
- Other subsections of “Doing Business-Other Participants” published August 26, 2015.



Section II.B

Appraiser and Property Requirements



Appraiser & Property Requirements: Key Policy Changes

- Focus of the Section:
 - OBSERVE, ANALYZE, and REPORT.
- Revisions to language and terminology so that requirements are clear and consistent.
- Use of the word “MUST” is careful and deliberate.



Appraiser and Property Requirements Section

- When a word is capitalized in the Handbook:
 - It means exactly what it says in the Glossary.
- **Structure:**
 - Structure refers to a building that has a roof and walls, stands permanently in one place, and contains single or multiple housing units that are used for human habitation.



Appraiser & Property Requirements: Key Policy Changes

- Appraisers must have the full contract and any other pertinent property related documents prior to starting the appraisal process.
- Appraisers will be provided with a contact name and number by the lender for working through eligibility issues.
 - This provides the contact information if the guidance says: "the Appraiser must stop work and notify the Mortgagee."





Appraiser & Property Requirements: Key Policy Changes (cont.)

- If subject includes additional parcels or a larger than typical site, the Highest and Best Use (HABU) analysis determines whether this is excess or surplus land.
 - Reminder: All FOUR tests of HABU must be applied.
 - A separate legal description for the surplus land is not required.





Appraiser & Property Requirements: Key Policy Changes (cont.)

- Four tests of Highest and Best Use:
 - Legally Permissible;
 - Physically Possible;
 - Financially Feasible; and
 - Maximally Productive.





Appraiser & Property Requirements: Key Policy Changes (cont.)

- Leasehold Valuation
 - Reminder that appraiser must analyze terms of ground lease and lender must ensure that appraiser has a copy.
- Appraiser must check to see if the Condominium Project is listed on FHA List of Approved Condominiums.
 - <https://entp.hud.gov/idapp/html/condlook.cfm>





Appraiser & Property Requirements: Key Policy Changes (cont.)

- Properties with a Legal Non-Conforming Use: requiring the appraiser to comment if improvements can be rebuilt by right (based on the zoning ordinance).
- Accessory Dwelling Units: emphasizing that Highest and Best Use analysis determines property type of classification.



Appraiser & Property Requirements: Key Policy Changes (cont.)

- Non-residential Use of Property: ensuring that mixed use properties comply with zoning.
- Identify the percentage of the property that is non-residential.
- Cost and Income Approach for Value: clarifying that ALL appropriate approaches must be utilized when applicable.



Appraiser & Property Requirements: Key Policy Changes (cont.)

- Attic and Crawl Space Inspection Requirements: clarifying that FHA requires an inspection. Head and Shoulders is the alternate to a full inspection.
- If unable to observe the entire attic or crawl space area, the appraiser must report the scope of the observation, what was observed, and based on this, whether the appraiser recommends further inspection.



Appraiser & Property Requirements: Key Policy Changes (cont.)

- 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.



Contributory Value of Components

- If mechanical systems and kitchen appliances are considered part of the real estate rights conveyed:
 - The appraiser must form an opinion as to the condition and adequacy of the components; and
 - The appraiser must analyze whether they contribute to the value, or conversely, detract from the value.



Appraisal Report and Data Delivery Guide

- Posted online—works as supplement to the SF Handbook.
- Contains FHA requirements for:
 - Completion of appraisal forms (UCDP and FHA-specific data).
 - Lender delivery of appraisal data and reports to FHA.
 - Format is MISMO 2.6 GSE or Errata 1 depending on form type.
- Mortgagee Letter 2015-08 announced the Electronic Appraisal Delivery (EAD) portal for Federal Housing Administration (FHA) Insured Single Family Mortgages:
 - http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/handbook_references





Section V.D.1

Quality Control, Oversight & Compliance-Other Participants-Appraisers



Quality Control/Oversight-Other Participants-Appraisers

- FHA Oversight of Roster Appraisers.
- Other subsections of “Quality Control/Oversight-Other Participants” published August 26, 2015.



Electronic Appraisal Delivery



Electronic Appraisal Delivery

- Mandatory for all mortgagees June 27, 2016
- Common Appraisal Data Delivery Errors
 - On hud.gov/appraisers (on lower right)
- Contact your software company to make sure you have the latest update.



EAD Registration and On-boarding

- There are two steps to complete the sign-up process for EAD:
 - Lender Registration
 - The process of selecting one of the 60-day periods for on-boarding.
 - Lender On-boarding
 - The process for obtaining credentials from FHAC and obtaining access to the EAD Portal.



EAD Registration

- Lender's FHAC Coordinator must register for one of the six remaining on-boarding phase by:
 - Logging on to FHAC;
 - Selecting the Lenders Functions Option; and
 - On the Lender Functions screen, choosing the second item on the menu—Electronic Appraisal Delivery Sign Up.
- The EAD sign up option will take you to the information screens for selecting or changing an on-boarding phase.



***FHA INFO* Emails**

- FHA's email information vehicle

- Sign up at:

[http://portal.hud.gov/hudportal/HUD?src=/program
offices/housing/sfh/FHA INFO subscribe](http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/FHA_INFO_subscribe)





Questions



The FHA Resource Center

- Phone: Monday-Friday, 8 a.m. to 8 p.m., ET
Toll Free: **(800) CALL-FHA** or (800) 225-5342
- Email: **answers@hud.gov**
- [www.hud.gov/ answers](http://www.hud.gov/answers): **1600+ Qs and As** addressing 90% of our phone calls **and** announcements of policy changes and training opportunities.
- *Single Family Housing News* (FHA INFO) emails: Frequent email notifications of new policies and training opportunities for anyone who signs up.





Thank You!

