

**December 17, 2008**

**MORTGAGEE LETTER 2008-39**

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

**SUBJECT: Revised Eligibility Requirements for FHA Roster Appraisers**

Section 1404 of the Housing and Economic Recovery Act of 2008 (HERA) (Public Law 110-289, approved July 30, 2008) amended Section 202 of the National Housing Act to revise qualification standards for Federal Housing Administration (FHA) approved appraisers. This mortgagee letter sets forth the revised eligibility requirements for appraisers to qualify for placement and retention on the FHA Appraiser Roster and provides the timeline for implementation of those requirements.

Section 202(f) of the National Housing Act mandates that all appraisers chosen or approved to conduct appraisals of properties that will be security for FHA-insured mortgages must: (1) be “certified” by the State in which the property to be appraised is located; *or* by a nationally recognized professional appraisal organization, *and* (2) have demonstrated verifiable education in the appraisal requirements established by FHA. (Note that the term “state” as used throughout this Mortgagee Letter includes U.S. Territories.)

**IMPLEMENTATION DATES**

Although Section 202(f) of the National Housing Act was made effective upon enactment, FHA has determined that the loss of available FHA Roster appraisers in certain locations will impede its ability to support affordable mortgage financing in those areas, which would contravene the goals of the HOPE for Homeowners Program and hinder use of other FHA single family programs at a time when use of those programs has increased significantly. Therefore, in order to implement this change in appraiser eligibility requirements in a manner that is not disruptive to the FHA mortgage lending process, the requirement will be phased in as follows:

1. **Effective October 1, 2008**, FHA stopped accepting applications to the FHA Appraiser Roster from licensed but uncertified appraisers. All applicants for the FHA Appraiser Roster must be state certified (certified residential or certified general) appraisers who meet the minimum certification criteria issued by the Appraiser Qualifications Board (AQB) of the Appraisal Foundation. The requirements that applicants not be listed on the General Service Administration (GSA) Excluded Parties List System (EPLS), HUD’s Limited Denial of

Participation List (LDP), or HUD's Credit Alert Interactive Voice Response System (CAIVRS) remain unchanged.

2. **No Later than October 1, 2009**, all FHA Appraiser Roster appraisers in **all** states and territories must be state certified in order to be eligible to conduct appraisals for FHA-insured mortgages and remain on the FHA Appraiser Roster.

#### **FHA MORTGAGEE INSTRUCTIONS:**

**Commencing October 1, 2009**, all FHA-approved lenders must use state certified appraisers for FHA-insured mortgages. The appraiser assignment field within the Case Number Assignment screen in FHA Connection must be input with an appraiser who is listed as either certified residential or certified general on the FHA Roster for the state in which the property is located. If, on or after October 1, 2009, an FHA-approved lender enters an appraisal assignment into FHA Connection for a property from a FHA Roster Appraiser who is licensed but not certified in accordance with this Mortgagee Letter, the appraisal will be unacceptable for FHA-insured financing and a second appraisal, performed by a state certified appraiser, must be completed at the lender's expense.

When appraisal assignments (case # assignments) are given to licensed appraisers prior to October 1, 2009, but the appraisal is not completed until after that date, the appraisal will be acceptable. However, the lender must assure that the appraisal assignment date is entered accurately into FHA Connection which must be a date prior to October 1, 2009. In these cases, the appraisal assignment must be submitted to the lender no later than October 30, 2009.

Appraisals that were completed by licensed appraisers prior to the deadline, which are transferred to a new lender, may be used as long as the original assignment date occurred prior to October 1, 2009.

#### **ADDITIONAL INFORMATION - CERTIFICATION AND EDUCATION OF APPRAISERS**

Currently, FHA allows both licensed and certified appraisers to conduct appraisals for FHA-insured mortgages as long as they qualify under the minimum criteria issued by the Appraiser Qualifications Board (AQB) of the Appraisal Foundation as authorized under the provisions of Title XI of the Financial Institutions, Reform, Recovery and Enforcement Act of 1989 (FIRREA). (See the FHA Appraiser Roster regulations at 24 CFR 200.202.) Under FIRREA, the AQB establishes the minimum education, experience and examination requirements for real property appraisers to obtain a state certification. In addition, the AQB performs a number of ancillary duties related to real property and personal property appraiser qualifications.

To meet the new eligibility requirement, FHA appraisers must be certified by the state in which the property to be appraised is located, or by a nationally recognized

professional organization. Under new section 202(f) of the National Housing Act, licensed appraisers would no longer be authorized to conduct appraisals of properties securing an FHA-insured mortgage.

Through FIRREA, Congress authorized the Appraisal Foundation to establish minimum qualification requirements for state certification of appraisers as well as promote minimum uniform appraisal standards. The Appraisal Foundation serves as the parent organization to AQB and the Appraisal Standards Board (ASB) to accomplish this mission. The AQB promulgates and maintains appraiser qualification criteria and the ASB promulgates and maintains the Uniform Standards of Professional Appraisal Practice (USPAP). The FHA Appraiser Roster regulations acknowledge this national role by requiring that appraisers applying for placement on the roster meet the minimum AQB education, examination, and training criteria. Given these unique responsibilities, FHA has determined that the Appraisal Foundation is a “nationally recognized professional appraisal organization” within the meaning of new section 202(f) of the National Housing Act. Moreover, FHA has determined that appraisers meeting the AQB criteria, as required by the FHA Appraiser Roster regulations, have “demonstrated verifiable education in the appraisal requirements established by FHA” under the new law.

FHA recognizes that there may be other national professional organizations that satisfy the requirements of section 202(f), and that there may be additional means of demonstrating verifiable education in FHA appraisal requirements. HUD will publish a notice in the Federal Register inviting the public to comment on nationally recognized professional appraisal organizations that FHA should consider as meeting the new statutory requirements.

### **Appraiser Qualification Criteria**

Appraisers seeking to become state certified should review the 2008 Real Property Appraiser Qualification Criteria at:

<http://www.appraisalfoundation.org>

### **Procedures to Obtain Placement on the FHA Appraiser Roster**

Applicants who meet all eligibility criteria may apply on-line at:

<http://www.hud.gov/appraisers>

If you have any questions concerning this Mortgagee Letter, please call 1-800-CALLFHA (1-800-225-5342). Persons with hearing or speech impairments may access this number via TDD/TTY by calling 1-877-TDD-2HUD (1-877-833-2483).

Sincerely,

Brian D. Montgomery  
Assistant Secretary for Housing-  
Federal Housing Commissioner