

FAQs – ML 09-51 Adoption of the Appraisal Update Report

Validity Period of the Appraisal Update Report

The additional guidance section of the ML states, in part, that the validity period of the Appraisal Update and/or Completion Report is 120 days, which begins with the effective date of the appraisal report. Does this mean the 120 days begin with the effective date of the original appraisal report or the effective date of the Appraisal Update Report?

The effective date of the Appraisal Update Report.

Appraiser Performing the Appraisal Update Report

If the appraiser who performed the original appraisal report is no longer on the FHA Appraiser Roster, can another appraiser in good standing on the FHA Appraiser Roster perform the Appraisal Update Report?

No. Only the FHA Roster appraiser who performed the original appraisal report being updated and who is currently in good standing on the Roster can perform the Appraisal Update Report.

Second lender ordering an Appraisal Update Report

Can a second lender, not the lender who was identified as the intended user in the original appraisal report, request the appraiser who performed the original appraisal report to update that report by using the Appraisal Update Report?

As stated in the Appraisal Standards Board's Advisory Opinion 3 (AO-3), Update of a Prior Appraisal, all appraisal updates are considered new assignments. If the appraiser who performed the original appraisal report updates that report using the Appraisal Update Report and incorporates the original report by reference only, the Appraisal Update Report can only be performed for the original intended user(s), as stated in AO-3. If, however, the appraiser who performed the original appraisal report updates that report using the Appraisal Update Report and incorporates the original report by attachment, the Appraisal Update Report can be performed for an intended user who was not identified as an intended user in the original appraisal report, since it is a new assignment under USPAP.

Effective Date of the Appraisal Update Report

Can the Appraisal Update Report be ordered after the appraisal to be updated or extended has expired?

No. The effective date of the Appraisal Update Report must be within the 120 day expiration period of the original report being updated, therefore the Update Report must be ordered prior to the expiration of the original report.

