



*Single Family Housing Policy Handbook 4000.1: Title II Insured Housing Program
Forward Mortgages Origination through Post-Closing/Endorsement*

Module 2: Appraisals, Property Requirements, and Underwriting the Property

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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.





FHA Single Family Housing Policy Handbook

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SF Handbook Overview

- FHA's *Single Family Housing Policy Handbook 4000.1* (SF Handbook) is a:
 - **Consolidated;**
 - **Consistent;** and
 - **Comprehensive** single source for FHA Single Family Housing policy.
- Revisions to language and terminology for clarity and consistency.
- Use of the word "**MUST**" is careful and deliberate.



SF Handbook Overview (Continued)

- When a word is capitalized in the Handbook:
 - It means exactly what it says in the Glossary, for instance,

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.



Introduction

- The *Appraiser and Property Requirements for Title II Forward and Reverse Mortgages* section of the *SF Handbook* contains the Property Acceptability Criteria for FHA mortgage insurance which includes Minimum Property Requirements (MPR) and Minimum Property Standards (MPS), and includes by reference, associated rules and regulations.
- The appraisal must be reported in accordance with **Acceptable Appraisal Reporting Forms and Protocols**.



Introduction (cont.)

- The Mortgagee must underwrite the completed appraisal report to determine if the property provides sufficient collateral for the FHA insured mortgage.



Introduction (cont.)

- We will review some of the policies to provide clarity for effectively conducting an appraisal.
- Review **Underwriting the Property** section of the SF *Handbook*.



Components of Appraisal Guidance

- Property Requirements
 - FHA requires underwriting of property condition as well as valuation.
- Appraiser Requirements to Observe, Analyze, and Report
 - Appraisers' requirements spelled out in one place, **clearly**.



Components of Appraisal Guidance (cont.)

- Report and Data Format Requirements
 - A separate section details forms, data, and format requirements, with “how to” instructions posted to HUD.gov.
- FHA Appraiser Roster
 - *Doing Business with FHA* section of the SF Handbook.
- FHA Appraiser Quality Control and Oversight
 - Legal and disciplinary issues.



Mortgagee Responsibility for Appraisal Integrity

- The Mortgagee is responsible for identifying any problems or potential problems with the integrity, accuracy, and thoroughness of an appraisal submitted to FHA for mortgage insurance purposes.



Enhancements to Note

- 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 to be used when working through eligibility issues.
 - Provides the contact information, if the guidance says: “the Appraiser must stop work and notify the Mortgagee.”





Enhancements to Note (cont.)

- Zoning and Legal Non-Conforming Use
 - Now requires appraiser to comment if improvements can be rebuilt.
- Stationary Storage Tanks
 - No distinction for above- or below-ground.
- Accessory Dwelling Units
 - Emphasizes “Highest and Best Use” to determine property type of classification.



Enhancements to Note (cont.)

- Attic and Crawl Space Inspection Requirements
 - Clarifies 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.
- General Acceptance Criteria, Property Eligibility, Nonresidential Use of Property.
 - Making sure that mixed use properties comply with zoning.



Enhancements to Note (cont.)

- Cost and Income Approach for Value
 - Clarifies that **ALL** appropriate approaches must be utilized when applicable.
- Photograph Requirements
 - Interior photos are required, as are photos of the attic and crawl space.
 - Spells out all requirements in one place.
- Sales history of Comps
 - One year from the Effective Date of the Appraisal.
 - Due diligence by the appraiser for analyzing prior sales of comparable properties.





Enhancements to Note (cont.)

- Measurement and Reporting of Contributory Value of energy efficiency components or alternate systems (solar, etc.):
 - Valuation of Solar Components is not limited to paired sales only (Requires specific competencies).
 - Appraiser must follow proper appraisal practice, including:
 - Contribution (Principle of Contribution);
 - Contributory Value;
 - Direct Sales Comparison Approach;
 - Cost Approach;
 - Income Approach; and
 - Reconciliation of the Approaches.





Enhancements to Note (cont.)

- High Voltage Transmission Lines
 - Property eligibility is based on whether the improvement is located within the utility easement.
 - The appraiser must require a certification from the appropriate utility company or local regulatory agency that states that the property conforms to local standards and is safe.



Enhancements to Note (cont.)

- Mineral and Oil Reservations
 - If currently under lease, the appraiser must analyze and include a summary of the effect on the property.
 - Appraiser to comment on:
 - Impairment;
 - Property damage; or
 - Environmental concerns.



Enhancements to Note (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.



Enhancements to Note (cont.)

- A separate legal description for the surplus land is not required.
 - Highest and Best Use (HABU) test of additional parcels or larger than typical sites, determine whether excess or surplus applies (Reminder all **FOUR** tests of HABU).
- Leasehold Valuation
 - Reminder: Appraiser is to analyze terms of ground lease, and Mortgagee must ensure that appraiser has a copy.



Enhancements to Note (cont.)

- Leasehold Valuation
 - Reminder that appraiser must analyze terms of ground lease and lender must ensure that the 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>



Enhancements to Note (cont.)

- Methamphetamine Contaminated Properties
 - Contaminated properties have potentially significant environmental risks due to use and/or storage of dangerous chemicals on the property.



Enhancements to Note (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.



Enhancements to Note (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.



Enhancements to Note (cont.)

- 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.



Enhancements to Note (cont.)

- Valuation Approaches
 - Reminder to follow Uniform Standards of Professional Appraisal Practice (USPAP) – apply all **APPROPRIATE** methods.
- Roofs Covered with Snow
 - Reminder to report what can be seen inside the property.
- Manufactured Home Additions
 - Appraiser to require inspection by State Agency if any additions or structural changes are observed.



Enhancements to Note (cont.)

- Manufactured Homes in Approved Condominium Projects
 - Condo must be an FHA-approved condominium project.
 - Reporting instructions require use of 1004C form **PLUS** the condominium project data as would be found in the project section of the 1073 form.





High Efficiency Components

- New Building Components
 - 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 pair analysis.



Requirements for Reporting: SF Housing Appraisal Report and Data Delivery Guide

SF Housing Appraisal Report and Data Delivery Requirements:

- Posted online – supplements the SF Handbook.
- Describes line by line reporting requirements for the five FHA appraisal report forms.
- Includes Fannie Mae/Freddie Mac Uniform Appraisal Dataset (UAD) formats and requirements where applicable.
- Appraisal software companies use this document to ensure that their products comply with FHA requirements.





Property Acceptability Criteria

- The Mortgagee must evaluate the appraisal and any supporting documentation to determine if the property complies with HUD's Property Acceptability Criteria.
- Existing and New Construction properties must comply with **Application of Minimum Property Requirements (MPR) and Minimum Property Standards (MPS) by Construction Status.**
- HUD requires every property to be safe, sound, and secure to be eligible for FHA insurance.



Defective Conditions

- The Mortgagee must evaluate the appraisal in accordance with the **Appraiser and Property Requirements of the 4000.1, Section 3. Acceptable Appraisal Reporting Tools and Protocols, Defective Conditions** to determine if the property is eligible for an FHA-insured mortgage.
- If **defective conditions** exist and correction is not feasible, the Mortgagee must reject the property.



Defective Conditions (cont.)

- Defective construction, evidence of continuing settlement, excessive dampness, leakage, decay, termites, environmental hazards, or other conditions affecting the health and safety of occupants, collateral security or structural soundness of the dwelling.
- The Mortgagee must render the property **ineligible** until the defects or conditions have been remedied and the probability of further damage is eliminated.



Defective Conditions (cont.)

- The appraiser must identify defective conditions and provide photographic documentation of defective conditions in the appraisal report.
- The appraiser must identify defective conditions that require repair to make the property comply with HUD's MPR, together with the estimated cost to cure. If the appraiser cannot determine that a property meets HUD's MPR or MPS, an inspection by a qualified individual or Entity is required.



Defective Conditions: Inspection Requirements

- Examples of conditions that require an inspection by qualified individuals or Entities include, but are not limited to:
 - Standing water against the foundation and/or excessively damp basements;
 - Hazardous materials on the site or within the improvements;
 - Faulty or defective mechanical systems (electrical, plumbing or heating);
 - Evidence of possible structural failure (e.g., settlement or bulging foundation wall, unsupported floor joists, cracked masonry walls or foundation);
 - Evidence of possible pest infestation;
 - Leaking or worn-out roofs; or
 - Chipped, Peeling, Loose Lead-Based Paint (on homes built prior to 1978).
- The reason for or indication of a particular problem must be given when requiring an inspection of any mechanical system, structural system, etc.





Case Study

- The contract of sale identifies the subject property may be contaminated by **methamphetamine**.
- Does the contamination automatically establish a **Defective Condition**?
- Is the property ineligible?



Case Study (cont.)

- The contract of sale identifies that the subject property may be contaminated by **methamphetamine**.
- Does the contamination automatically establish a **Defective Condition**? *Yes - Health and Safety.*
- Is the property ineligible? *Yes, until the property (site and dwelling) is certified safe for habitation.*

Note: The appraiser must address any long-term stigma caused by the property's contamination by meth and the impact on value and/or marketability.





Minimum Property Requirements and Minimum Property Standards

- The Mortgagee must evaluate the appraisal and property eligibility in accordance with:
 - **Minimum Property Requirements** for Existing and New Construction properties; and
 - **Minimum Property Standards** for New Construction properties.
- If the appraiser cannot determine that a property meets HUD's MPR or MPS, the Mortgagee may obtain an inspection from a qualified Entity to make the determination.





Minimum Property Requirements

- The appraisal report or inspection from a qualified Entity indicates that repairs are required to make the property meet HUD's MPR or MPS, than the Mortgagee must comply with **Repair Requirements**.



Minimum Property Requirements (cont.)

- Required repairs are limited to those repairs necessary to:
 - Maintain safety, security and soundness;
 - Preserve the continued marketability of the property; and
 - Protect the health and safety of the occupants.
- If an element is **functioning well** but has not reached the end of its useful life, the appraiser **should not recommend replacement** simply because of age.
- The **underwriter will determine which repairs for existing properties** must be made for the property to be eligible for FHA-insured financing.





Appraisal Review

- The appraisal process is the Mortgagee's tool for determining if a property meets the minimum requirements and eligibility standards for a Federal Housing Administration (FHA)-insured mortgage.
- Mortgagees bear primary responsibility for determining eligibility; however, the appraiser is the onsite representative for the Mortgagee and provides preliminary verification that the Property Acceptability Criteria have been met.



Quality of Appraisal

- The Mortgagee must evaluate the appraisal and ensure it complies with the requirements in the **Appraiser and Property Requirements of the SF Handbook, Section 3. Acceptable Appraisal Reporting Tools and Protocols, Valuation and Reporting Protocols** and any additional appraisal requirements that are specific to the subject property.



FAQ – How long are FHA Appraisals good for?

- FHA Appraisals are initially good for 120 days. The 120 Day validity period for an appraisal may be extended for 30 Days at the option of the Mortgagee if (1) the Mortgagee approved the Borrower or HUD issued the Firm Commitment before the expiration of the original appraisal; or (2) the Borrower signed a valid sales contract prior to the expiration date of the appraisal.
- An appraisal update must be performed before the initial appraisal, with no extension, has expired. Where the initial appraisal is subsequently updated, the updated appraisal is valid for a period of 240 Days after the effective date of the initial appraisal report that is being updated.





FAQ – What is Property Flipping?

- Property Flipping refers to the purchase and subsequent resale of a Property in a short period of time.
- Standards on property flipping can be found in the SF Handbook at Section II.A.1.b.iv.(A).(3).(b)

II. ORIGATION THROUGH POST-CLOSING/ENDORSEMENT
A.TITLE II INSURED HOUSING PROGRAMS FORWARD MORTGAGES
1. Origination/Processing
b. General Mortgage Insurance Eligibility
iv. Property Eligibility and Acceptability Criteria
(A) General Property Eligibility





FHA Connection Appraisal Logging

 **FHA Connection** [Home](#) [Main Menu](#) [ID Maintenance](#) [E-mail Us](#) [Contact Us](#)

[Single Family FHA](#) [Single Family Origination](#) [Case Processing](#) [Appraisal Logging](#)

Appraisal Logging Update [Help Links ?](#)

[Other Functions](#)

FHA Case Number:
*** Property Information ***

Address:

Construction Code: Existing Construction

PUD: Yes No

Year Built: 01 / 2005

Effective Age: 2

Appraisal Received Date: 03 / 08 / 10

Date of Contract: 02 / 19 / 10 **Contract Price:** 195000

*** Neighborhood Fields ***

Location: Suburban **Predominant Neighborhood Price:** 250000





FHA Connection Appraisal Logging (cont.)

Concrete Slab <input type="button" value="v"/>	<input type="text" value="6"/>	<input type="text" value="3"/>	<input type="text" value="2.0"/>
Living Area: <input type="text" value="1792"/>	Central Air: <input checked="" type="radio"/> Yes <input type="radio"/> No	Car Storage: <input type="button" value="v"/> Two-car Garage	
* Prior Sale Information *			
Was prior sale/transfer of this property within the past 3 years? <input type="button" value="v"/> No Sale/Transfer within 3 yrs			
Date of Prior Sale/Transfer: <input type="text"/> / <input type="text"/> / <input type="text"/> <input type="button" value="Calendar"/>		Price of Prior Sale/Transfer: <input type="text"/>	
* Reconciliation Fields *			
Appraised Value: <input type="text" value="200000"/>			
Actual Appraiser (State Certificate or License No.):		Effective Date of Appraisal:	
ID: <input type="text"/> <input type="button" value="Calendar"/>	<input type="text" value="03"/> / <input type="text" value="04"/> / <input type="text" value="10"/> <input type="button" value="Calendar"/>		
Name: <input type="text"/>			
* Appraisal Update *			
Appraiser (State Certificate or License No.):		Effective Date of Appraisal Update:	
ID: <input type="text"/> <input type="button" value="Calendar"/>	<input type="text"/> / <input type="text"/> / <input type="text"/> <input type="button" value="Calendar"/>		
Name: <input type="text"/>			
Certify subject property did not decline in value <input type="checkbox"/>			
<input type="button" value="Second Appraisal"/>		Select link if you wish to enter second appraisal	



Second Appraisal Warning Screen

The screenshot shows a web form for a second appraisal. The form includes sections for Property Title Information, Prior Sale Information, and Reconciliation Fields. A Windows Internet Explorer dialog box is overlaid on the form, displaying a warning message. The dialog box text reads: "A second appraisal is required ONLY if a property is subject to the Property Flipping Rule and is a resale that occurred between 91 and 180 days after acquisition. If the property is eligible for insurance due to the Flipping Rule Waiver and is a resale that occurred within 90 days of acquisition, a second appraisal is optional. Even when not required by the system, a second appraisal may be needed due to portability issues such as Material Deficiencies, Exclusionary List or Delayed Transfer (refer to Mortgage Letter 2009-02) or expiration of appraisal validity period (refer to Mortgage Letters 09-01 and 2010-12). NOTE: If an appraisal is ordered for documentation purposes, such as to meet the requirements of the Property Flipping Waiver as described above, the second appraisal should be retained in the case binder but SHOULD NOT BE LOANED into FHA Connection and may not be used for case processing." The dialog box has "OK" and "Cancel" buttons. Below the dialog box, the form has a "Second Appraisal" button and a link "Select link if you wish to enter second appraisal". At the bottom of the form, there are "Send", "Reset", and "New Request" buttons. A message board notification at the bottom of the page reads "Message Board Friday August 03, 2012".



Material Deficiencies

Material deficiencies are evident on the effective date of the appraisal.

Examples include, but are not limited to:

- Failure to report readily observable defects that impact the health and safety of the occupants and/or structural soundness of the house;
- Reliance upon outdated or dissimilar comparable sales when more recent and/or comparable sales were available as of the effective date of the appraisal; and
- Fraudulent statements or conclusions when the appraiser had reason to know or should have known that such statements or conclusions compromise the integrity, accuracy and/or thoroughness of the appraisal submitted to the client.





Reconsideration of Value

- The underwriter may request a reconsideration of value when the appraiser did not consider information that was relevant on the effective date of the appraisal.
- The underwriter must provide the appraiser with all relevant data that is necessary for a reconsideration of value.

Material Deficiencies vs. Reconsideration of Value

Material Deficiencies

- May order second appraisal but, not for value
- Typically, appraiser performance negligence

Reconsideration of Value

- Second appraisal prohibited
- Typically, newly reported sales become apparent which transpired on or before the effective date, but were not previously reported



HUD-54114 Form

**Direct Endorsement Underwriter/
HUD Reviewer
Analysis of Appraisal Report**

U.S. Department of Housing and Urban Development
Office of Housing
Federal Housing Commissioner

OMB Approval No. 2502-0477 (exp. 11/30/2009)

Public reporting burden for this collection of information is estimated to average 3 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.
This agency may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB control number.

Borrower's Name	FHA Case Number	Lender Loan Number
Property Address	Appraiser's Name	
	Appraiser's Estimate of Value: \$	
1. Does the appraisal report present a consistent and fair analysis of the property? <input type="checkbox"/> Yes <input type="checkbox"/> No (Explain)		
2. Comment on the report's quality, completeness, consistency, and accuracy.		
3. Are the comparables acceptable? <input type="checkbox"/> Yes <input type="checkbox"/> No (If not, the appraisal should be returned to the appraiser.)		
4. Are the adjustments acceptable both as to items adjusted and the amount allocated to each item adjusted? <input type="checkbox"/> Yes <input type="checkbox"/> No (Explain)		
5. Is the value acceptable for HUD/FHA loan purposes? <input type="checkbox"/> Yes <input type="checkbox"/> No (If not, should it be corrected? <input type="checkbox"/> Yes <input type="checkbox"/> No Value for HUD/FHA loan purposes \$ _____ . Provide justification for correction.		
6. Repair Conditions		
7. Other Comments		
DE Underwriter (Name)	CHUMS Number	Date
DE Underwriter Signature		
HUD Reviewer (Name and Signature)		

form HUD-54114 (2/93)
rel Handbook 4000.4

- *The Direct Endorsement Underwriter/HUD Reviewer Analysis of Appraisal Report (HUD-54114) is no longer valid and **must** not be used.*





Appraisal Review: Chain of Title Form

Mortgagee must review the appraisal to determine if the subject property was sold within 12 months prior to the case number assignment date.





Appraisal Report and Data Delivery Guide

- Works as a supplement to the SF Handbook and 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.
 - http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/handbook_references
- FHA Electronic Appraisal Delivery (EAD) portal required for cases assigned on or after June 27, 2016.
 - http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/lender/origination/ead





Acceptable Appraisal Forms

Property/Assignment Type	Acceptable Reporting Form
Fannie Mae Form 1004 MC/Freddie Mac Form 71, Market Conditions Addendum to the Appraisal Report, must be completed for every appraisal.	
Single Family, Detached, Attached or Semi-Detached Residential Property	<u>Fannie Mae Form 1004</u> / <u>Freddie Mac Form 70</u> , Uniform Residential Appraisal Report (URAR); MISMO 2.6 GSE format
Single Unit Condominium	<u>Fannie Mae Form 1073</u> / <u>Freddie Mac Form 465</u> , Individual Condominium Unit Appraisal Report; MISMO 2.6 GSE format
Manufactured (HUD Code) Housing	<u>Fannie Mae Form 1004C</u> / <u>Freddie Mac Form 70B</u> , Manufactured Home Appraisal Report; MISMO 2.6 Errata 1 format
Small Residential Income Properties (Two to Four Units)	<u>Fannie Mae Form 1025</u> / <u>Freddie Mac Form 72</u> , Small Residential Income Property Appraisal Report; MISMO 2.6 Errata 1 format
Update of Appraisal (All Property Types)	Summary Appraisal Update Report Section of <u>Fannie Mae Form 1004D</u> / <u>Freddie Mac Form 442</u> , Appraisal Update and/or Completion Report; MISMO 2.6 Errata 1 format
Compliance or Final Inspection for New Construction or Manufactured Housing	Form <u>HUD-92051</u> , Compliance Inspection Report, in Portable Document Format (PDF)
Compliance or Final Inspection for Existing Property	Certification of Completion Section of <u>Fannie Mae Form 1004D</u> / <u>Freddie Mac Form 442</u> , Appraisal Update and/or Completion Report; MISMO 2.6 Errata 1 format





Photograph Requirements

FHA Minimum Photograph Requirements	
Photograph Exhibit	Minimum Photograph Requirement
Subject Property Exterior	<ul style="list-style-type: none">• Front and rear at opposite angles to show all sides of the dwelling• Improvements with Contributory Value not captured in the front or rear photograph• Street scene photograph to include a portion of the subject site• For New Construction, include photographs that depict the subject's grade and drainage• For Proposed Construction, a photograph that shows the grade of the vacant lot
Subject Property Interior	<ul style="list-style-type: none">• Kitchen, main living area, bathroom, bedrooms• Any other room representing overall condition• Basement, attic, and/or crawl space• Recent updates, such as restoration, remodeling and renovation• For two- to four-unit properties, also include photographs of common areas, hallways, etc.
Comparable Sales, Listings, Pending Sales, Rentals, etc.	<ul style="list-style-type: none">• Front view of each comparable utilized• Photographs taken at an angle to depict both the front and the side when possible• Multiple Listing Service (MLS) photographs are acceptable to exhibit comparable condition at the time of sale. However, appraisers must include their own photographs as well to document compliance.
Subject Property Deficiencies	<ul style="list-style-type: none">• Photographs of the deficiency or condition requiring inspection or repair
Condominium Projects	<ul style="list-style-type: none">• Additional photographs of the common areas and shared amenities of the Condominium Project



Common Deficiencies: Photographs



- Photos reflecting silhouettes or “Black Blobs” are not acceptable.
- Imaged photos and documents must also be clear.



Subject Section

SUBJECT	Property Address	City	State	Zip Code
	Borrower	Owner of Public Record	County	
	Legal Description			
	Assessor's Parcel #	Tax Year	R.E. Taxes \$	
	Neighborhood Name	Map Reference	Census Tract	
	Occupant <input type="checkbox"/> Owner <input type="checkbox"/> Tenant <input type="checkbox"/> Vacant	Special Assessments \$	<input type="checkbox"/> PUD HOA \$	<input type="checkbox"/> per year <input type="checkbox"/> per month
	Property Rights Appraised <input type="checkbox"/> Fee Simple <input type="checkbox"/> Leasehold <input type="checkbox"/> Other (describe)			
	Assignment Type <input type="checkbox"/> Purchase Transaction <input type="checkbox"/> Refinance Transaction <input type="checkbox"/> Other (describe)			
	Lender/Client	Address		
	Is the subject property currently offered for sale or has it been offered for sale in the twelve months prior to the effective date of this appraisal? <input type="checkbox"/> Yes <input type="checkbox"/> No			
Report data source(s) used, offering price(s), and date(s). _____				





Contract Section

C O N T R A C T	<input type="checkbox"/> did <input type="checkbox"/> did not analyze the contract for sale for the subject purchase transaction. Explain the results of the analysis of the contract for sale or why the analysis was not performed.		
	Contract Price \$	Date of Contract	Is the property seller the owner of public record? <input type="checkbox"/> Yes <input type="checkbox"/> No Data Source(s)
	Is there any financial assistance (loan charges, sale concessions, gift or downpayment assistance, etc.) to be paid by any party on behalf of the borrower? <input type="checkbox"/> Yes <input type="checkbox"/> No		
	If Yes, report the total dollar amount and describe the items to be paid.		





Neighborhood

Note: Race and the racial composition of the neighborhood are not appraisal factors.												
Neighborhood Characteristics				One-Unit Housing Trends				One-Unit Housing		Present Land Use %		
NEIGHBORHOOD	Location	<input type="checkbox"/> Urban	<input type="checkbox"/> Suburban	<input type="checkbox"/> Rural	Property Values	<input type="checkbox"/> Increasing	<input type="checkbox"/> Stable	<input type="checkbox"/> Declining	PRICE	AGE	One-Unit	%
	Built-Up	<input type="checkbox"/> Over 75%	<input type="checkbox"/> 25-75%	<input type="checkbox"/> Under 25%	Demand/Supply	<input type="checkbox"/> Shortage	<input type="checkbox"/> In Balance	<input type="checkbox"/> Over Supply	\$ (000)	(yrs)	2-4 Unit	%
	Growth	<input type="checkbox"/> Rapid	<input type="checkbox"/> Stable	<input type="checkbox"/> Slow	Marketing Time	<input type="checkbox"/> Under 3 mths	<input type="checkbox"/> 3-6 mths	<input type="checkbox"/> Over 6 mths	Low		Multi-Family	%
	Neighborhood Boundaries								High		Commercial	%
									Pred.		Other	%
	Neighborhood Description											
	Market Conditions (including support for the above conclusions)											





Site Section

	Dimensions	Area	Shape	View					
	Specific Zoning Classification		Zoning Description						
	Zoning Compliance <input type="checkbox"/> Legal <input type="checkbox"/> Legal Nonconforming (Grandfathered Use) <input type="checkbox"/> No Zoning <input type="checkbox"/> Illegal (describe)								
	Is the highest and best use of the subject property as improved (or as proposed per plans and specifications) the present use? <input type="checkbox"/> Yes <input type="checkbox"/> No If No, describe								
S I T E	Utilities	Public	Other (describe)	Public	Other (describe)	Off-site Improvements—Type	Public	Private	
	Electricity	<input type="checkbox"/>	<input type="checkbox"/>	Water	<input type="checkbox"/>	<input type="checkbox"/>	Street	<input type="checkbox"/>	<input type="checkbox"/>
	Gas	<input type="checkbox"/>	<input type="checkbox"/>	Sanitary Sewer	<input type="checkbox"/>	<input type="checkbox"/>	Alley	<input type="checkbox"/>	<input type="checkbox"/>
	FEMA Special Flood Hazard Area	<input type="checkbox"/> Yes	<input type="checkbox"/> No	FEMA Flood Zone	FEMA Map #	FEMA Map Date			
	Are the utilities and off-site improvements typical for the market area? <input type="checkbox"/> Yes <input type="checkbox"/> No If No, describe								
	Are there any adverse site conditions or external factors (easements, encroachments, environmental conditions, land uses, etc.)? <input type="checkbox"/> Yes <input type="checkbox"/> No If Yes, describe								





Flood Zone: Determination & Responsibilities

- A property is not eligible for FHA insurance if:
 - A residential building and related improvements to the property are located within SFHA Zone A, a Special Flood Zone Area or Zone V, a Coastal Area, and insurance under the National Flood Insurance Program (NFIP) is not available in the community; or
 - The improvements are, or are proposed to be, located within a Coastal Barrier Resource System (CBRS).



Observing the Site

- FHA requires the appraiser to disclose any hazards that endanger:
 - Physical improvements;
 - Affect livability;
 - Marketability; and
 - Health and safety of occupants.



Observing the Site (cont.)

- Stationary Storage Tanks:
 - No distinction for above- or below-ground.
 - If the subject property line is located within 300 feet of an aboveground or subsurface stationary storage tank with a capacity of 1,000 gallons or more of flammable or explosive material, the site is ineligible for FHA insurance.
- This includes domestic and commercial uses as well as automotive service station tanks.



Observing the Site (cont.)

- High Voltage Transmission Lines:
 - Property eligibility is based on whether the improvement is located within the utility easement.
 - The appraiser must indicate in the appraisal report whether the dwelling or related property improvements are located within the easement area serving a high-voltage transmission or distribution line.
- If the dwelling or related property improvements are located within the easement area, the Mortgagee must require a certification from the appropriate utility company or local regulatory agency stating that the property conforms to local standards and is safe.





Individual Water Supply and Sewage Systems

- The Mortgagee is required to ensure the well and septic meet HUD, state and local jurisdiction requirements.
- The underwriter, not the appraiser, is required to determine feasibility of connecting improvements to public water and/or septic system.
- The appraiser and/or Mortgagee must require inspections for readily observable deficiencies of well or septic systems.

Improvements Section

General Description
Units <input type="checkbox"/> One <input type="checkbox"/> One with Accessory Unit
of Stories
Type <input type="checkbox"/> Det. <input type="checkbox"/> Att. <input type="checkbox"/> S-Det./End Unit
<input type="checkbox"/> Existing <input type="checkbox"/> Proposed <input type="checkbox"/> Under Const.
Design (Style)
Year Built
Effective Age (Yrs)

- Number of Units
- Stories
- Property Type
- Design
- Year Built
- Effective Age

Accessory Units



- Accessory Dwelling Unit (ADU) refers to a **habitable living unit** added to, created within, or detached from a primary one-unit single family dwelling, which together constitute a single interest in real estate.
- It is a separate additional living unit, including:
 - Kitchen;
 - Sleeping; and
 - Bathroom facilities.



Foundation Section

Foundation	
<input type="checkbox"/> Concrete Slab	<input type="checkbox"/> Crawl Space
<input type="checkbox"/> Full Basement	<input type="checkbox"/> Partial Basement
Basement Area	sq. ft.
Basement Finish	%
<input type="checkbox"/> Outside Entry/Exit	<input type="checkbox"/> Sump Pump
Evidence of <input type="checkbox"/> Infestation	
<input type="checkbox"/> Dampness	<input type="checkbox"/> Settlement
Heating <input type="checkbox"/> FWA	<input type="checkbox"/> HWBB
<input type="checkbox"/> Other	<input type="checkbox"/> Radiant
Cooling <input type="checkbox"/> Central Air Conditioning	Fuel
<input type="checkbox"/> Individual	<input type="checkbox"/> Other



Foundation Section (cont.)

Dampness



Settlement



Interior: Materials Condition

INTERIOR	materials/condition
Floors	
Walls	
Trim/Finish	
Bath Floor	
Bath Wainscot	

- Appraiser is to state what they saw and describe when necessary.
- What is readily observable?
- What upgrades did he/she see?

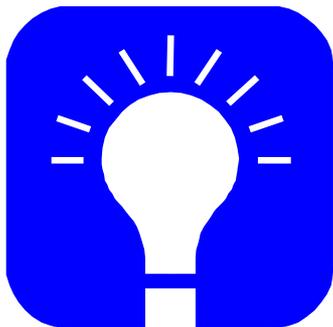
The Attic

Attic	<input type="checkbox"/>	None
<input type="checkbox"/> Drop Stair	<input type="checkbox"/>	Stairs
<input type="checkbox"/> Floor	<input type="checkbox"/>	Scuttle
<input type="checkbox"/> Finished	<input type="checkbox"/>	Heated

- The appraiser is required to observe the interiors of all attic spaces.
- The appraiser is not required to disturb insulation, move personal items, furniture, equipment or debris that obstructs access or visibility. If unable to view the improvements safely in entirety, the appraiser must contact the Mortgagee and reschedule a time when a complete visual observation can be performed **or complete the appraisal subject to inspection by a qualified third party. Photograph required.**

Mechanical Systems

All utilities must be on at the time of appraisal.





Improvements Section

Appliances <input type="checkbox"/> Refrigerator <input type="checkbox"/> Range/Oven <input type="checkbox"/> Dishwasher <input type="checkbox"/> Disposal <input type="checkbox"/> Microwave <input type="checkbox"/> Washer/Dryer <input type="checkbox"/> Other (describe)				
Finished area above grade contains:	Rooms	Bedrooms	Bath(s)	Square Feet of Gross Living Area Above Grade
Additional features (special energy efficient items, etc.)				
Describe the condition of the property (including needed repairs, deterioration, renovations, remodeling, etc.).				
Are there any physical deficiencies or adverse conditions that affect the livability, soundness, or structural integrity of the property? <input type="checkbox"/> Yes <input type="checkbox"/> No If Yes, describe				
Does the property generally conform to the neighborhood (functional utility, style, condition, use, construction, etc.)? <input type="checkbox"/> Yes <input type="checkbox"/> No If No, describe				





Property Condition Requirements

- Determine the overall quality and condition of property.
- Identify items that require immediate repair and are **Defective Conditions** (health & safety, structural soundness).
- Identify items where maintenance has been deferred, which may not require immediate repair.



Nature & Degree

- The nature and degree of any noted deficiency will determine whether the appraiser addresses the deficiency in the narrative comments area under “condition of the property” or “physical deficiencies” affecting livability or structural soundness.
- The appraiser must address the nature of the deficiency in the appraisal where physical deficiencies or adverse conditions are reported and require inspection, if appropriate.



Sales Comparison Approach

FEATURE	SUBJECT	COMPARABLE SALE # 1		COMPARABLE SALE # 2		COMPARABLE SALE # 3	
Address							
Proximity to Subject							
Sale Price	\$		\$		\$		\$
Sale Price/Gross Liv. Area	\$ sq. ft.	\$ sq. ft.		\$ sq. ft.		\$ sq. ft.	
Data Source(s)							
Verification Source(s)							
VALUE ADJUSTMENTS	DESCRIPTION	DESCRIPTION	+(-) \$ Adjustment	DESCRIPTION	+(-) \$ Adjustment	DESCRIPTION	+(-) \$ Adjustment
Sale or Financing Concessions							
Date of Sale/Time							





Sales Comparison Approach (cont.)

FEATURE	SUBJECT			COMPARABLE SALE NO. 1			COMPARABLE SALE NO. 2			COMPARABLE SALE NO. 3		
Location												
Leasehold/Fee Simple												
Site												
View												
Design (Style)												
Quality of Construction												
Actual Age												
Condition												
Above Grade	Total	Bdrms.	Baths	Total	Bdrms.	Baths	Total	Bdrms.	Baths	Total	Bdrms.	Baths
Room Count												
Gross Living Area	sq. ft.			sq. ft.			sq. ft.			sq. ft.		
Basement & Finished Rooms Below Grade												





Sales Comparison Approach (cont.)

SALES COMPARISON APPROACH	FEATURE	SUBJECT	COMPARABLE SALE NO. 1		COMPARABLE SALE NO. 2		COMPARABLE SALE NO. 3			
	Functional Utility									
	Heating/Cooling									
	Energy Efficient Items									
	Garage/Carport									
	Porch/Patio/Deck									
Net Adjustment (Total)		<input checked="" type="checkbox"/> + <input type="checkbox"/> -	\$	0	<input checked="" type="checkbox"/> + <input type="checkbox"/> -	\$	0	<input checked="" type="checkbox"/> + <input type="checkbox"/> -	\$	0
Adjusted Sale Price of Comparables		Net Adj. 0.0%		0	Net Adj. 0.0%		0	Net Adj. 0.0%		0
		Gross Adj. 0.0%	\$	0	Gross Adj. 0.0%	\$	0	Gross Adj. 0.0%	\$	0

10% for Line Item
 15% Net Adjustments
 25% Gross Adjustments





Sales Comparison Approach (cont.)

I did did not research the sale or transfer history of the subject property and comparable sales. If not, explain _____

My research did did not reveal any prior sales or transfers of the subject property for the three years prior to the effective date of this appraisal.

Data source(s) _____

My research did did not reveal any prior sales or transfers of the comparable sales for the year prior to the date of sale of the comparable sale.

Data source(s) _____

Report the results of the research and analysis of the prior sale or transfer history of the subject property and comparable sales (report additional prior sales on page 3).

ITEM	SUBJECT	COMPARABLE SALE NO. 1	COMPARABLE SALE NO. 2	COMPARABLE SALE NO. 3
Date of Prior Sale/Transfer				
Price of Prior Sale/Transfer				
Data Source(s)				
Effective Date of Data Source(s)				

Analysis of prior sale or transfer history of the subject property and comparable sales _____



Reconciliation

RECONCILIATION	Indicated Value by: Sales Comparison Approach \$ _____	Cost Approach (if developed) \$ 0	Income Approach (if developed) \$ _____
	This appraisal is made <input type="checkbox"/> "as is," <input type="checkbox"/> subject to completion per plans and specifications on the basis of a hypothetical condition that the improvements have been completed, <input type="checkbox"/> subject to the following repairs or alterations on the basis of a hypothetical condition that the repairs or alterations have been completed, or <input type="checkbox"/> subject to the following required inspection based on the extraordinary assumption that the condition or deficiency does not require alteration or repair: _____		
Based on a complete visual inspection of the interior and exterior areas of the subject property, defined scope of work, statement of assumptions and limiting conditions, and appraiser's certification, my (our) opinion of the market value, as defined, of the real property that is the subject of this report is \$ _____ as of _____, which is the date of inspection and the effective date of this appraisal.			

- The three approaches to value are reconciled with a brief description of the validity of each approach with respect to the subject property appraisal:
 - Comparison;
 - Cost; and
 - Income.





Identifying the Appraisal Report

Clarity

As Is	No repairs, alterations or required inspections; Establish the “as is” value for 203(k); or Appraiser is recommending the property for rejection.
Subject To Completion per Plans & Specs	Subject is less than 90% complete.
Subject To Repairs or Alterations	The subject property is 90% or more complete.
Subject To Required Inspection (s)	The subject property is subject to inspection by a qualified individual or entity when the observation reveals evidence of a potential safety, soundness, or security issue beyond the appraiser’s ability to assess (termite, electrician, structural, etc.).



Addressing Unique Properties

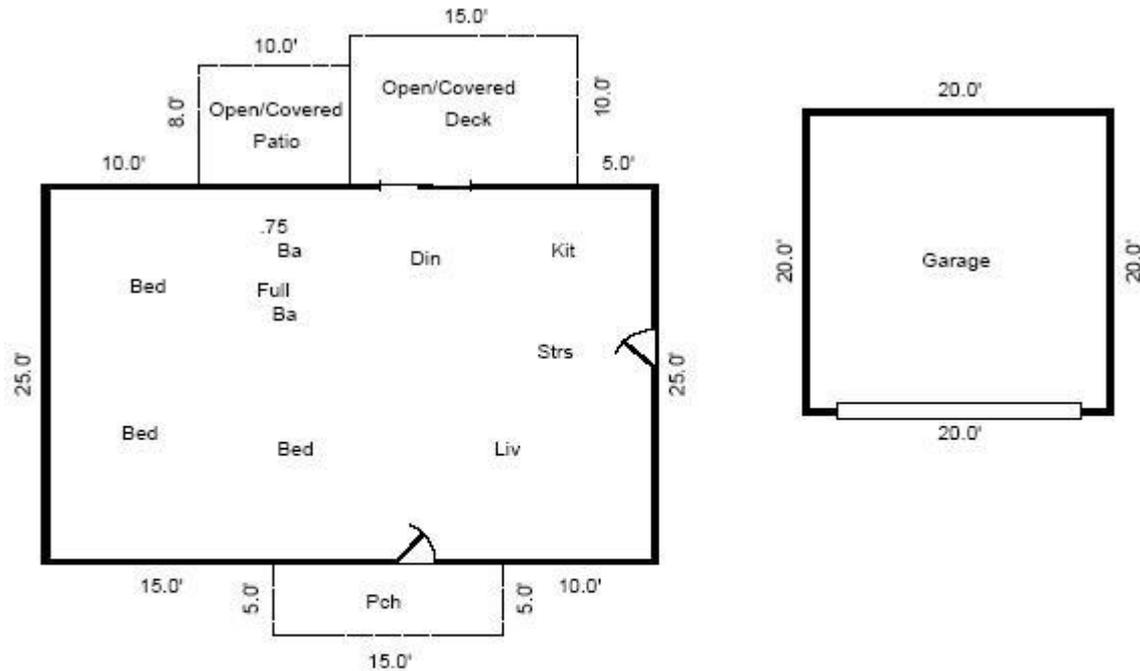


- Must be:
 - Legal zoning;
 - Structurally sound;
 - Marketable; and
 - Highest & Best Use.

If zoning is Legal Non-Conforming- evidence property can be rebuilt to residential use.

Mixed Use Properties requires a minimum of 51 percent of the entire building square footage is for Residential use.

Required Exhibits (cont.)



Exterior Sketch



No Contributory Value?

- Zero value is often placed on accessory structures that:
 - Were added without permits; or
 - Exhibit costly defects.
- **Appraisers are not to assign “zero” value just to avoid addressing FHA requirements!**
- Zero value may mean removal of the structure.

Manufactured Homes



Modular? Manufactured? Site Built?



1

You can no longer tell
sitting at the curb.



2



3

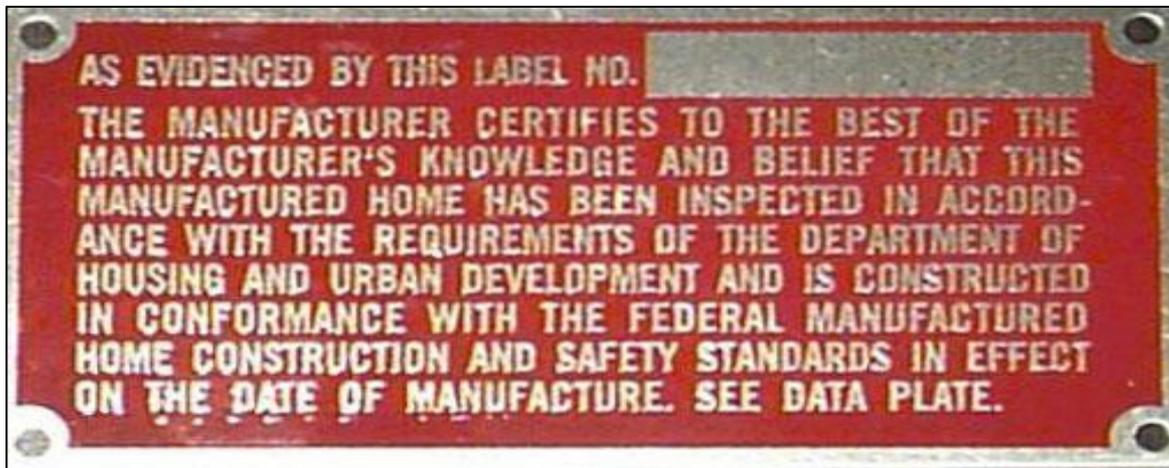


Manufactured Home Appraisal Report

Manufactured Home Appraisal Report		File #
The purpose of this summary appraisal report is to provide the lender/client with an accurate, and adequately supported, opinion of the market value of the subject property.		
Property Address		City State Zip Code
Borrower		Owner of Public Record County
Legal Description		
Assessor's Parcel #		Tax Year R.E. Taxes \$
Neighborhood Name		Map Reference Census Tract
SUBJECT	Occupant <input type="checkbox"/> Owner <input type="checkbox"/> Tenant <input type="checkbox"/> Vacant Project Type (if applicable) <input type="checkbox"/> PUD <input type="checkbox"/> Condominium <input type="checkbox"/> Cooperative <input type="checkbox"/> Other (describe)	
	Special Assessments \$ HOA \$ <input type="checkbox"/> per year <input type="checkbox"/> per month	
	Property Rights Appraised <input type="checkbox"/> Fee Simple <input type="checkbox"/> Leasehold <input type="checkbox"/> Other (describe)	
	Assignment Type <input type="checkbox"/> Purchase Transaction <input type="checkbox"/> Refinance Transaction <input type="checkbox"/> Other (describe)	
	Lender/Client Address	
Is the subject property currently offered for sale or has it been offered for sale in the twelve months prior to the effective date of this appraisal? <input type="checkbox"/> Yes <input type="checkbox"/> No		
Report data source(s) used, offering price(s), and date(s).		
Manufactured homes located in either a condominium or cooperative project require the appraiser to inspect the project and complete the Project Information section of the Individual Condominium Unit Appraisal Report or the Individual Cooperative Interest Appraisal Report and attach it as an addendum to this report.		
I <input type="checkbox"/> did <input type="checkbox"/> did not analyze the contract for sale for the subject purchase transaction. Explain the results of the analysis of the contract for sale or why the analysis was not performed.		
CONTRACT	Contract Price \$ Date of Contract Is the property seller the owner of public record? <input type="checkbox"/> Yes <input type="checkbox"/> No Data Source(s)	
	Is there any financial assistance (loan charges, sale concessions, gift or downpayment assistance, etc.) to be paid by any party on behalf of the borrower? <input type="checkbox"/> Yes <input type="checkbox"/> No If Yes, report the total dollar amount and describe the items to be paid.	
	I <input type="checkbox"/> did <input type="checkbox"/> did not analyze the manufacturer's invoice. Explain the results of the analysis of the manufacturer's invoice or why the analysis was not performed.	
Retailer's Name (New Construction)		



HUD Certification Label: "Red Tag"



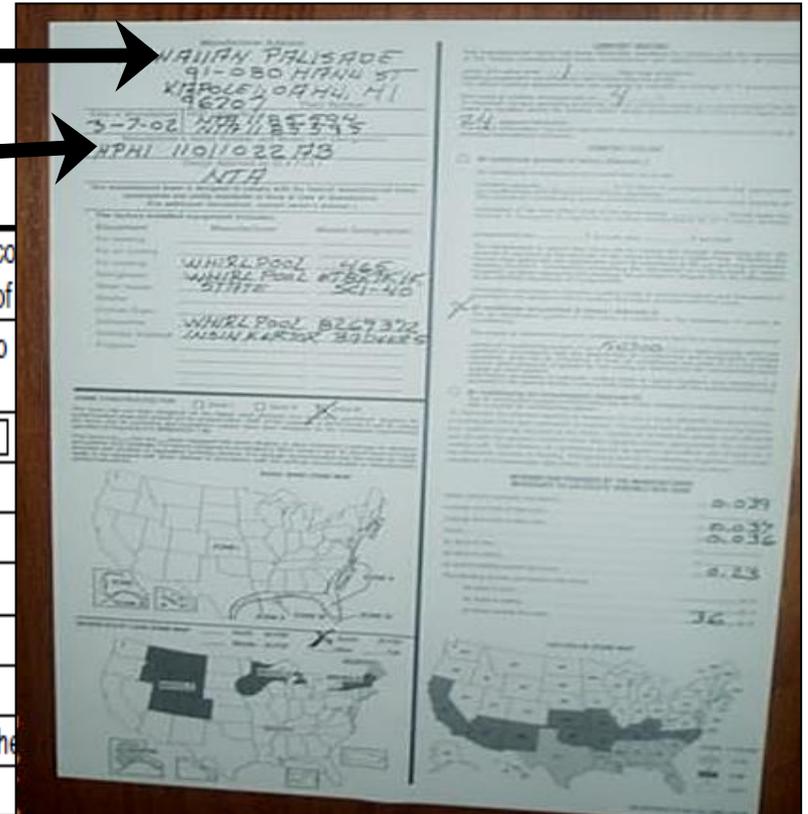
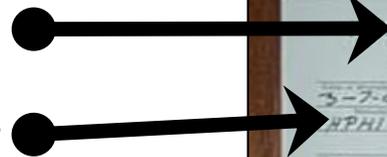
- HUD Certification Label must be affixed to the tail-light end of each transportable section.



HUD Data Plate Certification

HUD Certification Label
Number

Serial Number



HUD DATA PLATE	The HUD Data Plate/Compliance Certificate is located on the interior of the subject and contains the manufacturer's name and model number, manufacturer's serial number, and HUD Certification Label number.	
	Is the HUD Data Plate/Compliance Certificate attached to the dwelling? <input type="checkbox"/> Yes <input type="checkbox"/> No	
	Is a HUD Certification Label attached to the exterior of each section of the dwelling? <input type="checkbox"/>	
	Manufacturer's Serial #(s)/VIN #(s)	
	HUD Certification Label #(s)	
	Manufacturer's Name	Trade/Model
	Do the Wind, Roof Load, and Thermal Zones meet the minimum HUD requirements for the	



Missing HUD Label?

Obtain the serial number from data plate or chassis and request a certificate directly from the Institute for Building Technology and Safety.

- The processing time is expected to be 5-10 business days for Regular and 1-3 business days if Urgent;
- Current Costs \$50 (or \$75 if Urgent);
- Phone #: (703) 481-2000;
- Address: 45207 Research Place Ashburn, VA 20147;
- www.ibts.org/labelreq.htm.



Foundations





Additions to Manufactured Housing

If the appraiser observes additions or structural changes to the original house, the appraiser must condition the appraisal upon inspection by the state or local jurisdiction administrative agency that inspects Manufactured Housing for compliance, or a licensed structural engineer may report on the structural integrity of the manufactured dwelling and addition, if the state does not employ inspectors.

Note: Required for HUD REO.



Selection of Comparable Sales

- At least **two** of the comparable sales ***must*** be closed manufactured homes.

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Links

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3 / 7 102%

Find

Manufactured Home Appraisal Report

File #

There are comparable properties currently offered for sale in the subject neighborhood ranging in price from \$ to \$

There are comparable sales in the subject neighborhood within the past twelve months ranging in sale price from \$ to \$

FEATURE	SUBJECT	COMPARABLE SALE # 1		COMPARABLE SALE # 2		COMPARABLE SALE # 3	
Address							
Proximity to Subject							
Sale Price	\$	\$	\$	\$	\$	\$	\$
Sale Price/Gross Liv. Area	\$ sq. ft.	\$ sq. ft.	\$ sq. ft.	\$ sq. ft.	\$ sq. ft.	\$ sq. ft.	\$ sq. ft.
Manufactured Home		<input type="checkbox"/> Yes <input type="checkbox"/> No					
Data Source(s)							
Verification Source(s)							
VALUE ADJUSTMENTS	DESCRIPTION	DESCRIPTION	+(-) \$ Adjustment	DESCRIPTION	+(-) \$ Adjustment	DESCRIPTION	+(-) \$ Adjustment
Sale or Financing Concessions							
Date of Sale/Time							
Location							
Leasehold/Fee Simple							
Site							
View							
Design (Style)							
Quality of Construction							
Actual Age							
Condition							
Above Grade	Total Bdrms. Baths	Total Bdrms. Baths		Total Bdrms. Baths		Total Bdrms. Baths	
Room Count							
Gross Living Area	sq. ft.	sq. ft.		sq. ft.		sq. ft.	
Basement & Finished Rooms Below Grade							
Functional Utility							

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Skirting

- Is vinyl skirting attached to framework acceptable for a manufactured home?
- HUD requires manufactured homes to have skirting that is permanent or attached to a permanent foundation.



Small Residential Income: FNMA 1025

Small Residential Income Property Appraisal Report File #			
The purpose of this summary appraisal report is to provide the lender/client with an accurate, and adequately supported, opinion of the market value of the subject property.			
Property Address		City	State Zip Code
Borrower		Owner of Public Record	County
Legal Description			
Assessor's Parcel #		Tax Year	R.E. Taxes \$
Neighborhood Name		Map Reference	Census Tract
Occupant <input type="checkbox"/> Owner <input type="checkbox"/> Tenant <input type="checkbox"/> Vacant		Special Assessments \$	<input type="checkbox"/> PUD HOA \$ <input type="checkbox"/> per year <input type="checkbox"/> per month
Property Rights Appraised <input type="checkbox"/> Fee Simple <input type="checkbox"/> Leasehold <input type="checkbox"/> Other (describe)			
Assignment Type <input type="checkbox"/> Purchase Transaction <input type="checkbox"/> Refinance Transaction <input type="checkbox"/> Other (describe)			
Lender/Client		Address	
Is the subject property currently offered for sale or has it been offered for sale in the twelve months prior to the effective date of this appraisal? <input type="checkbox"/> Yes <input type="checkbox"/> No			
Report data source(s) used, offering price(s), and date(s).			
S U B J E C T C O N T R A C T	I <input type="checkbox"/> did <input type="checkbox"/> did not analyze the contract for sale for the subject purchase transaction. Explain the results of the analysis of the contract for sale or why the analysis was not performed.		
	Contract Price \$		Date of Contract Is the property seller the owner of public record? <input type="checkbox"/> Yes <input type="checkbox"/> No Data Source(s)
	Is there any financial assistance (loan charges, sale concessions, gift or downpayment assistance, etc.) to be paid by any party on behalf of the borrower? <input type="checkbox"/> Yes <input type="checkbox"/> No		
If Yes, report the total dollar amount and describe the items to be paid.			
Note: Race and the racial composition of the neighborhood are not appraisal factors.			
Neighborhood Characteristics		2-4 Unit Housing Trends	
Location <input type="checkbox"/> Urban <input type="checkbox"/> Suburban <input type="checkbox"/> Rural		Property Values <input type="checkbox"/> Increasing <input type="checkbox"/> Stable <input type="checkbox"/> Declining	
Built-Up <input type="checkbox"/> Over 75% <input type="checkbox"/> 25-75% <input type="checkbox"/> Under 25%		Demand/Supply <input type="checkbox"/> Shortage <input type="checkbox"/> In Balance <input type="checkbox"/> Over Supply	
		2-4 Unit Housing	
		Present Land Use %	
		PRICE	AGE
		\$ (000)	(yrs)
		One-Unit %	
		2-4 Unit %	





Underwriting HUD Real Estate Owned Properties





HUD-owned Properties Eligible Transactions

Insurable

- 203(b) Insurable As-is with no repairs, alterations or inspections required.
- 203(b) Insurable with Repair Escrow
 - MPR met if estimated repairs when completed cost \$5,000 or less.

Uninsurable

- Must go 203(k)
 - MPR met if estimated repairs when completed cost more than \$5,000.





FHA Condo Case Numbers

- Case numbers cannot be assigned to condominium units unless and until the condominium project is approved.
- To be eligible for FHA insurance, the project must be on the list of **FHA-approved condominiums**.



Condominium Project Policy-Status

- As stated in the Origination/Underwriting Section:
 - A **Condominium Project** must be FHA approved before a mortgage on an individual condominium unit can be insured.
- Currently, FHA's Condominium Project Approval requirements are in the formal rulemaking phase. This process must be completed before the guidance is published.
- Our existing Condominium Project Approval requirements, located in Mortgagee Letter 2012-18, and the Condominium Project Approval and Processing Guide attached to Mortgagee Letter 2011-22 continue to be applicable.

FHA Condominium Project Approval



Site Condominium or Single Family Home?

FHA Condominium Project Approval (cont.)



Condominium or Attached Single Family Residence?

FHA Condominium Project Approval (cont.)



Condominium or Manufactured Home?

FHA Condominium Project Approval (cont.)



Condominium?



Condominiums

- Any mortgage covering a one-family unit in a project coupled with an **undivided interest in the common areas** and facilities which serve the project.
- May include dwelling units in detached, semi-detached, row garden-type, low or high rise structures.
- **Remaining Economic Life** is to be entered.



Condominiums: FHA Connection (FHAC)

Condominiums

[Help Links](#) ?

Approval Method: ?

Sorted By:

State:

Condo ID:

Condo Name:

City:

Zip Code:

Status:





Individual Condominium Unit Appraisal Report: Fannie Mae Form 1073

Individual Condominium Unit Appraisal Report					File #
The purpose of this summary appraisal report is to provide the lender/client with an accurate, and adequately supported, opinion of the market value of the subject property.					
Property Address		Unit #	City	State	Zip Code
Borrower		Owner of Public Record		County	
Legal Description					
Assessor's Parcel #			Tax Year	R.E. Taxes \$	
S U B J E C T	Project Name		Phase #	Map Reference	Census Tract
	Occupant <input type="checkbox"/> Owner <input type="checkbox"/> Tenant <input type="checkbox"/> Vacant	Special Assessments \$		HOA \$	<input type="checkbox"/> per year <input type="checkbox"/> per month
	Property Rights Appraised <input type="checkbox"/> Fee Simple <input type="checkbox"/> Leasehold <input type="checkbox"/> Other (describe)				
	Assignment Type <input type="checkbox"/> Purchase Transaction <input type="checkbox"/> Refinance Transaction <input type="checkbox"/> Other (describe)				
	Lender/Client		Address		
Is the subject property currently offered for sale or has it been offered for sale in the twelve months prior to the effective date of this appraisal? <input type="checkbox"/> Yes <input type="checkbox"/> No					
Report data source(s) used, offering price(s), and date(s).					
C O M	I <input type="checkbox"/> did <input type="checkbox"/> did not analyze the contract for sale for the subject purchase transaction. Explain the results of the analysis of the contract for sale or why the analysis was not performed.				





Site Condos

- Site Condominiums refer to a project of single family, totally detached dwellings encumbered by a declaration of condominium covenants or a condominium form of ownership.
- They have no shared garages or any other attached buildings. Project approval is required for Site Condominiums that do not meet this definition.
- The appraiser must report the appraisal on [Fannie Mae Form 1073/Freddie Mac Form 465](#), *Individual Condominium Unit Appraisal Report*.



Opinion of Market Value

- The Mortgagee must ensure the **Market Value** of the property is **sufficient** to adequately secure the FHA-insured mortgage.



Reconsideration of Value

- The underwriter may request a reconsideration of value **when the appraiser did not consider information that was relevant on the effective date of the appraisal.**
- The underwriter must provide the appraiser with all relevant data that is necessary for the value to be reconsidered.



Required Documentation for Underwriting the Property

- If additional inspections, repairs or certifications are noted by the appraisal or are required to demonstrate compliance with **Property Acceptability Criteria**, the Mortgagee must obtain evidence of completion of such inspections, repairs or certifications.



Form HUD-92800.5B, Conditional Commitment Direct Endorsement Statement of Appraised Value

- The underwriter must complete form HUD-92800.5B as directed in the form instructions.
- Form HUD 92800.5B serves as the Mortgagee's conditional commitment/direct endorsement statement of value of FHA mortgage insurance on the property. The form provides a section for a statement of the property's appraised value and other required FHA disclosures to the homebuyer, including specific conditions that must be met before HUD can endorse a firm commitment for mortgage insurance. HUD uses the information only to determine the eligibility of a property for mortgage insurance.





Conditional Commitment (Form HUD-92800.5b) Direct Endorsement Statement of Appraised Value

Form HUD-92800.5b is not required for:

- REO Sales
 - HUD, VA, or USDA Rural Housing Services;
 - Other Federal, State, and Local Government Agencies;
 - A Mortgagee disposing of REO assets;
 - Seller at a foreclosure sale;
- FHA's 203(k) mortgage program;
- Sales in which the Borrower will not be an owner-occupant (for example, sales to nonprofit agencies).





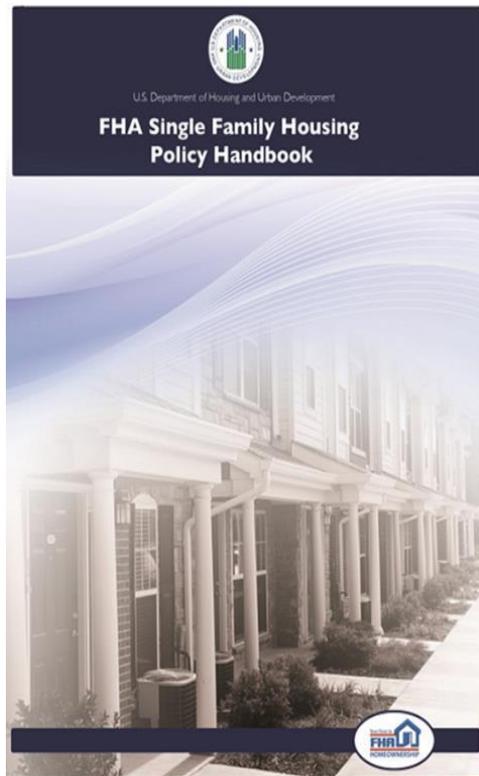
The FHA Resource Center

- Access Origination through Endorsement FAQs on our SF Handbook Information page for frequently asked questions and detailed answers.
- 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: **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.





Single Family Housing Policy Handbook 4000.1 **Training Webcast Series**



Thank you for attending.

