



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-8000

ASSISTANT SECRETARY FOR HOUSING-
FEDERAL HOUSING COMMISSIONER

September 27, 2006

MORTGAGEE LETTER 2006-26

TO: ALL APPROVED MORTGAGEES
ALL FHA ROSTER APPRAISERS

SUBJECT: Updates to the FHA Appraiser Roster: Streamlined Appraiser Examination,
Roster Renewal Procedures, and Contact Information

Effective October 1, 2006, the Federal Housing Administration (FHA) Appraiser Roster Examination has been streamlined and the examination fee eliminated. In addition, the appraiser contact information and appraiser license or certification roster renewal procedures have been revised.

To be eligible for placement on the FHA Appraiser Roster an appraiser must:
a) pass a Department of Housing and Urban Development examination on FHA appraisal methods and reporting; b) be a state-licensed or state-certified appraiser with credentials based on the minimum licensing/certification criteria issued by the Appraiser Qualifications Board (AQB) of the Appraisal Foundation; and c) 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).

Streamlining The FHA Appraiser Examination

FHA has streamlined its current examination of 50 questions, which was administered at testing centers by a national test administrator, to 10 questions which have been integrated into the application form for the FHA Appraiser Roster and which is available online. This reduction in the number of questions, as well as the format of the questions, supercedes the provisions of Handbook 4150.2, Section 1-1, A.

Following FHA's adoption of the revised appraisal reporting forms and protocol announced in Mortgage Letters 2005-34 and 2005-48, FHA reviewed the 200 questions that made up the universe of those randomly selected for the exam, and determined that many were no longer relevant given that FHA and conventional appraisal requirements are

now virtually identical. Further, each of the revised appraisal forms adopted by FHA with ML 2005-34, contain a list of appraiser certifications designed to increase the appraiser's responsibility and accountability for their work product, improve the quality of appraisal reports and improve the accuracy and relevance of the information in the appraisal report.

Thus, FHA believes that the 10 questions now posed, along with the certifications made, and the existing Licensed and /or Certified Real Property Appraiser Qualification criteria established by the AQB, provide sufficient evidence of an appraiser's knowledge to competently and professionally appraise properties that will be the security for mortgages insured by FHA.

The new FHA Appraisal Examination and instructions can be found on page three of the revised form HUD-92563, "Application for Fee or Roster Personnel Designation." A copy of this revised form will be available online at <http://www.hudclips.org>.

Previously issued guidance found in Mortgagee Letter 2003-09 regarding the services of a National Test Administrator/Provider for the FHA appraisal examination (identified as "Prometric" in Mortgagee Letter 2003-09 and as "a national provider" in Handbook 4150.2) is rescinded. The updated examination will be based upon the materials listed in paragraph 19 (e) of form HUD-92563, which states:

For appraisers, I certify that I will comply with HUD Handbook 4150.2, "Valuation Analysis for Home Mortgage Insurance" (and any updates to the Handbook, Mortgagee Letters) and all other instructions and standards, in performing all appraisals on properties that will be security for HUD/FHA insured mortgages.

Procedure to Obtain Placement on the FHA Appraiser Roster

The applicant must submit the following information via facsimile 202-401-0416 or via regular mail to:

Department of Housing and Urban Development
Office of Single Family Housing
Attn: Home Valuation Policy Division
451 7th Street, SW, Suite 9270
Washington, DC 20410
Telephone Number: 202-708-2121 extension 2185

- An original of the completed form HUD-92563, "Application for Fee or Roster Personnel Designation"; and
- Photocopy of a valid real estate appraisal license or certification with credentials based on the minimum licensing/certification criteria issued by the AQB for each state in which the applicant intends to perform appraisals.

Update in License or Certification Roster Renewal Procedures

FHA Roster Appraisers seeking retention on the FHA Appraiser Roster should perform the following steps to ensure retention at time of license or certification renewal:

1. Upon receipt of state license or certification renewal, appraisers should verify that FHA reflects the updated license or certification information online at HUD's website <https://entp.hud.gov/idapp/html/apprlook.cfm>.
2. If the appraiser's certification/license renewal number or expiration date are updated online at HUD's website, it is **not necessary** for the appraiser to submit a photocopy of the valid State appraiser's license or certification renewal information to HUD.
3. If the certification/license renewal number or expiration date differs online at HUD's website, the appraiser must submit a photocopy of the current license or certification with credentials based on the minimum criteria issued by the AQB to HUD via facsimile at 202-401-0416, or regular mail to the above listed address.

Updating the FHA Appraiser Contact Information

FHA Roster Appraisers are responsible for ensuring that the contact information contained in the FHA Appraiser Roster is accurate and up to date. The Appraiser Roster screen on FHA Connection allows a FHA Roster Appraiser to update or correct their contact information, which includes: business name, address, telephone numbers, facsimile, and e-mail address. In order to facilitate communication with appraisers on the FHA Appraiser Roster, HUD strongly urges all appraisers currently on the Roster to include a current e-mail address when updating their contact information on the FHA Connection. Appraisers should perform the following steps to update their contact information.

1. The appraiser has to obtain an FHA Connection user ID, which is available online at HUD's website <https://entp.hud.gov/clas>
2. Under the subheading, Getting Started, click on "Registering a New User"
3. Follow the instructions under the Type of User subheading, "FHA-approved Appraiser participating in HUD's Appraiser Review"

Information Collection Requirements

The information collection requirements contained in this document have been approved by the Office of Management and Budget (OMB) under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501-3520) and assigned OMB control number

2502-0538. In accordance with the Paperwork Reduction Act, HUD may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection displays a currently valid OMB control number.

If you have any questions concerning this Mortgagee Letter, please contact the FHA Resource Center at 1-800-CALL-FHA or 1-800-225-5342.

Sincerely,

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