# Logging an Appraisal

## Appraisal Logging Overview

Before **Appraisal Logging** is used on the FHA Connection, the appraisal report documents must be validated and transmitted using one of the following electronic systems:

- Electronic Appraisal Delivery (EAD) portal, or
- FHA Catalyst.

**Appraisal Logging** is automatically pre-filled with the received information and reviewed in **Appraisal Logging**. Any information that is required by HUD, but is not collected through the appraisal report, is added. Then, **Appraisal Logging** is processed to save the information to HUD's Computerized Homes Underwriting System (CHUMS).

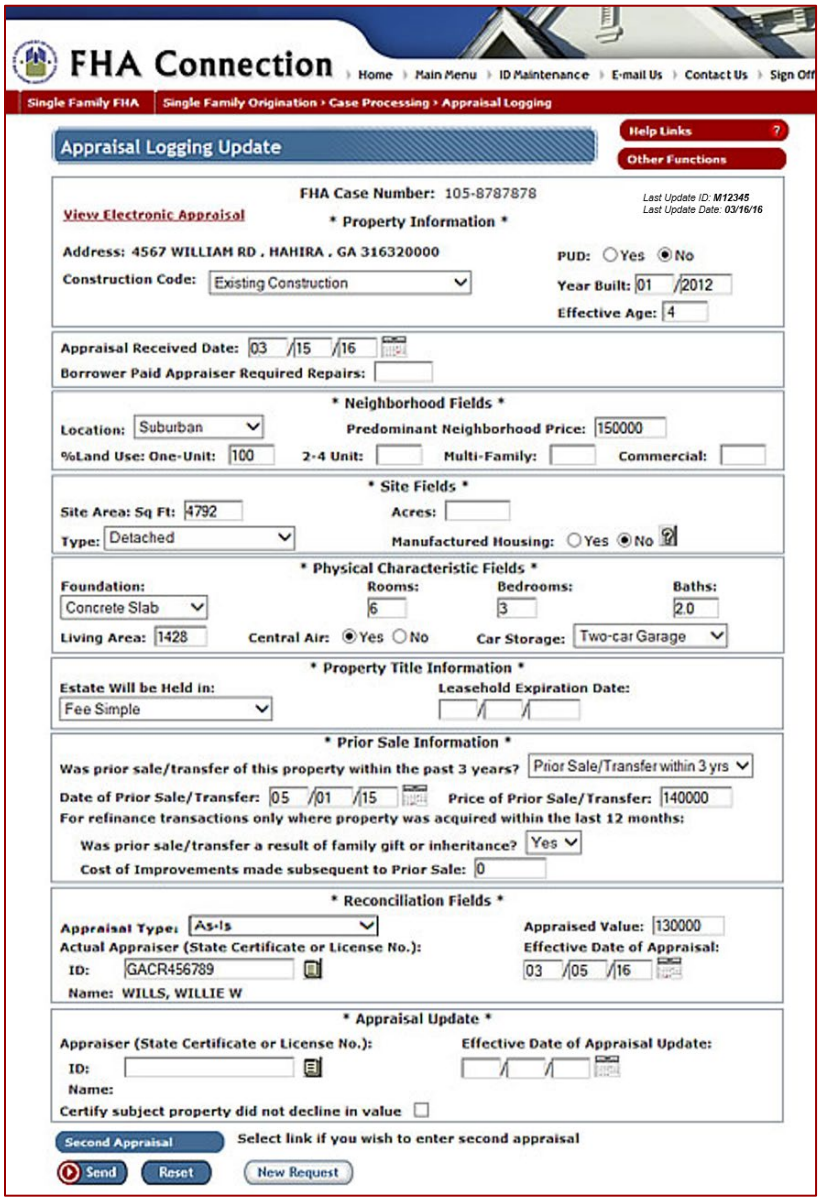



**Figure 1: Appraisal Logging Update page**

**Appraisal Logging** can be used to enter or update appraisal report information manually as needed. **Appraisal Logging** must be completed before submitting **Insurance Application** or **HECM Insurance Application**. An appraisal is required for most cases, except FHA-to-FHA refinance cases (streamline refinance cases). After a case is endorsed for mortgage insurance, **Appraisal Logging** information can only be viewed.

## Appraisal Report Forms

Property appraisals performed after January 1, 2016 for FHA-insured mortgages must be reported on one of the Fannie Mae appraisal report forms listed below *according to property type*.

1. **Uniform Residential Appraisal Report** (Fannie Mae Form 1004 March 2005): Required for a one-unit single family dwelling.
2. **Manufactured Home Appraisal Report** (Fannie Mae Form 1004C March 2005): Required for a manufactured home.
3. **Individual Condominium Unit Appraisal Report** (Fannie Mae Form 1073 March 2005): Required for an individual condominium unit.
4. **Small Residential Income Property Appraisal Report** (Fannie Mae Form 1025 March 2005): Required for a two- to four-unit single family dwelling.

## Appraisal Validity Extension

An appraisal is valid for up to 120 days from the effective date of the appraisal. The validity period can be extended for up to 120 days from the effective date of the original appraisal, but only before the effective date is reached. The **Appraisal Update and/or Completion Report** (Fannie Mae 1004D March 2005) is completed to extend the validity period.

## Appraisers

On the date the appraisal is performed, the appraiser must be on the FHA's appraiser roster and meet the Appraiser Qualifications Board (AQB) requirements for the state in which the property is located.

## 203(k) Appraisals

For a 203(k) Substantial Rehabilitation Mortgage case, the first appraisal must be a *Subject to* **Appraisal Type**. If a second appraisal is required, it must be an *As-Is* **Appraisal Type**. If there are two appraisals, the *Subject to* appraisal value must be greater than the *As-Is* appraisal value.

## Property Flipping

Property flipping is the practice of buying a property and quickly reselling it for a considerable profit. HUD has specific rules and regulations regarding the practice of property flipping for FHA cases received by HUD on or after June 2, 2003. If the property is resold within 90 days or less from the date of acquisition, it is not eligible for FHA mortgage insurance unless one of the exemptions listed below apply.

Resales that occur between 91 and 180 days are not eligible for FHA mortgage insurance unless:

- it meets a specific exemption,
- the rule is not applicable based on specific HUD guidelines, and/or
- a waiver by authorized HUD personnel is granted *(applicable only to FHA case numbers assigned prior to September 15, 2015)*.

**Property Flipping Exemptions**:
An exemption may be made or property flipping rules may not apply for a case assigned an FHA case number on or after September 15, 2015 for reasons such as:

- Property acquired by an employee or relocation agency
- Sale by other U.S. Government agency
- Sale by HUD approved nonprofit
- Acquired by the seller through inheritance
- Sales by federally-chartered institution or GSE
- Sale by local/state government agency
- Sale in Presidentially-Declared Major Disaster Area

- Partial title transfer(s) exempt
- Multiple exemption transfers
- Initial builder sale

**Note:** The 90-day flipping rule was temporarily suspended between February 2010 and December 2014.

For more information on HUD's property flipping rules, see **FHA Single Family Housing Policy Handbook** (Handbook 4000.1).

### Second Appraisals

A second appraisal is required in the following circumstances:

- 91-180 day property flipping rule applies to the case.
- Property is located in a designated area, is resold within 91-365 days after acquisition, and the new sales price meets or exceeds the resale price percentage threshold. The threshold is based on the property's zip code.
- Case was transferred to another lender and due to a portability issue; the new lender ordered a second appraisal.
- Expiration of the appraisal validity period.
- An *As-Is* appraisal may be required for a 203(k) case.

A second appraisal is *optional* in the following circumstances:

- Mortgage was assigned an FHA case number on or after February 15, 2010. If the case is not subject to property flipping rules, then the *optional* second appraisal is always used for case processing; otherwise, the system determines which appraisal is used in case processing.
- 90-day property flipping rule for a case with a sales date on or after February 1, 2010 and a prior sales date within 90 days. If a second appraisal is performed, the appraisal report is placed in the case binder and is not recorded through **Appraisal Logging**.

### Resources for Completing the Appraisal Report for HUD

The following resources provide guidance on property appraisals for FHA mortgage insurance:

1. **FHA Single Family Housing Policy Handbook** (Handbook 4000.1), available at:
   - https://www.hud.gov/program_offices/housing/sfh/handbook_4000-1, or
   - https://www.hud.gov/program_offices/administration/hudclips/handbooks/hsgh
2. Mortgagee Letter *2013-27: Changes to the Home Equity Conversion Mortgage Program Requirements.* **Note:** Get to mortgage letters by clicking the **Mortgagee Letters** link in the footer of the FHA Connection page you are viewing (https://www.hud.gov/program_offices/administration/hudclips/letters/mortgagee).

## Logging an Electronic Appraisal

Using **Appraisal Logging**, the appraisal report information is received from either the EAD portal or FHA Catalyst. The appraisal information is validated and saved to CHUMS. Also, information that is not collected in the appraisal report must be added, such as HECM Information, Presidentially Declared Major Disaster Area, User Certification, and Property Flipping exemption information.

1. Access **Appraisal Logging** after signing on to the FHA Connection by following this menu path: **Single Family FHA > Single Family Origination > Case Processing > Appraisal Logging**.
2. On the **Appraisal Logging** page, enter the case number assigned to the mortgage in the **FHA Case Number** field and click Send. The **Appraisal Logging Update** page is displayed and is pre-filled with the appraisal report information received through the EAD portal or FHA Catalyst.
3. The actual appraisal report information can be viewed in Portable Document Format (.pdf) by clicking the **View Electronic Appraisal** link at the top of the page. This displays the **Electronic Appraisal**

**Documents** pop-up page from which the appraisal report file can be selected and opened (**Figure 2**).
**Note:** *You may be prompted to save/open the appraisal report based on the user's Internet browser.*

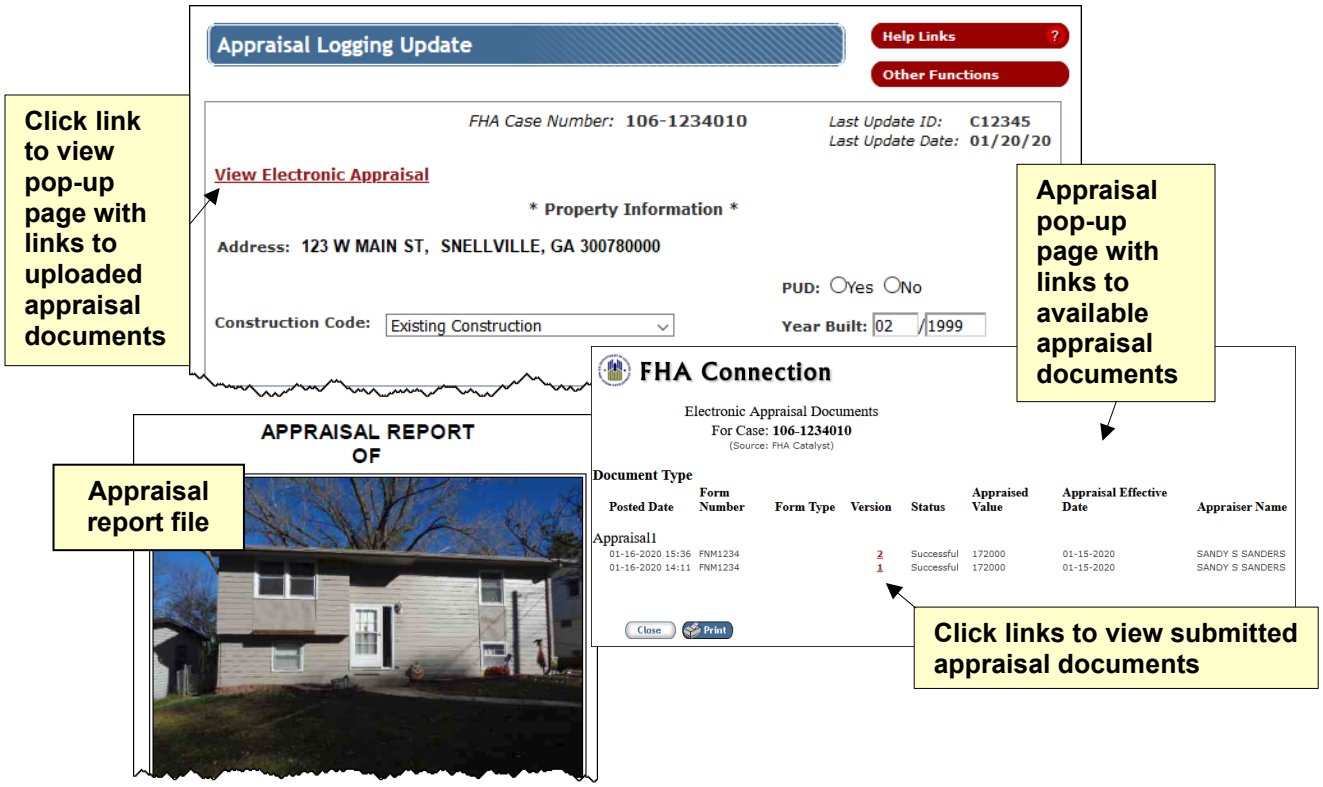



**Figure 2: Top portion of the Appraisal Logging Update page and Electronic Appraisal Documents pop-up page with links to submitted appraisal report files**

4. Review the messages displayed on the **Appraisal Logging Update** page and take any necessary action. See **Case Type Messages** and **Address Messages**.
5. Enter any additional required information. See **HECM Information**, **Presidentially Declared Major Disaster Area**, **User Certification**, and **Property Flipping Exemption**.
6. Click Send on the **Appraisal Logging Update** page to process the page and save the electronic appraisal information from either the EAD portal or FHA Catalyst to CHUMS; otherwise, the appraisal information is not retained on the **Appraisal Logging Update** page.

## Case Type Messages

When initially accessing the **Appraisal Logging Update** page, one of these messages related to the case type is displayed.

**Note**: Message received references the electronic appraisal system used to transmit the appraisal information, either *EAD* or *FHA Catalyst,* and is indicated in the actual message received:

- **Screen loaded from EAD [FHA Catalyst]. Confirm the data by pressing "Send" button at bottom of the screen.**
  (Indicates the case type in CHUMS matches the case type from the electronic appraisal.)
- **Screen loaded from EAD [FHA Catalyst]. Complete fields in HECM Information section and confirm the data by pressing "Send" button at bottom of the screen.**
  (Indicates the case type in CHUMS matches the case type from the electronic appraisal.)
- **Warning: EAD [FHA Catalyst] indicates Purchase; CHUMS indicates Refinance; Case is treated as a Refinance** (Indicates the case in CHUMS is a refinance but the electronic appraisal case type indicates a purchase.)
- **Warning: EAD [FHA Catalyst] indicates Refinance; CHUMS indicates Purchase; Case is treated as a Purchase** (Indicates the case in CHUMS is a purchase but the electronic appraisal case type indicates a refinance.)
- **Warning: EAD [FHA Catalyst] indicates PUD; CHUMS indicates NOT PUD; Case is treated as NOT PUD** (Indicates the case in CHUMS is a NOT PUD but the electronic appraisal case type indicates a PUD.)
- **Warning: EAD [FHA Catalyst] indicates NOT PUD; CHUMS indicates PUD; Case is treated as PUD** (Indicates the case in CHUMS is a PUD but the electronic appraisal case type indicates a NOT PUD.)

For the *warning* messages, the CHUMS case type information is retained and the case type information from either EAD or FHA Catalyst is ignored.

- If the case type is incorrect on the appraisal report, the appraisal report must be corrected and resubmitted through the EAD portal or FHA Catalyst, or
- If the case type is incorrect in CHUMS, **Case Number Assignment** on the FHA Connection must be used to make the correction.

## Address Messages

Upon initially accessing the **Appraisal Logging Update** page or when new appraisal information is received from either EAD or FHA Catalyst, the property address from either EAD or FHA Catalyst and CHUMS is displayed and compared (**Figure 3**). If the:

- **Addresses match**: Upon processing the page (clicking Send), the information on the page is saved to CHUMS and the next time the page is accessed, the EAD or FHA Catalyst Address field is not displayed—no action is required for this scenario.
- **Addresses do not match**: A message is displayed indicating the type of discrepancy *(listed below)* that must be resolved:
  - *Addresses are a close match*
    Check the box beside the displayed certification statement (see **Figure 3**); the address in CHUMS is retained (not overwritten) when the **Appraisal Logging Update** page is processed.
  - *Address in CHUMS is incorrect and must be changed to the address in EAD [FHA Catalyst]*
    Change the property address using the **Borrower/Address Change** page on the FHA Connection. When you return to the **Appraisal Logging Update** page, there should be no address discrepancy.

- *Address in EAD [FHA Catalyst] is incorrect and must be changed to the address in CHUMS*
  The electronic appraisal must be corrected and resubmitted using either EAD or FHA Catalyst. If this correction is made, please note that CHUMS case information is updated periodically throughout the day from EAD or FHA Catalyst.

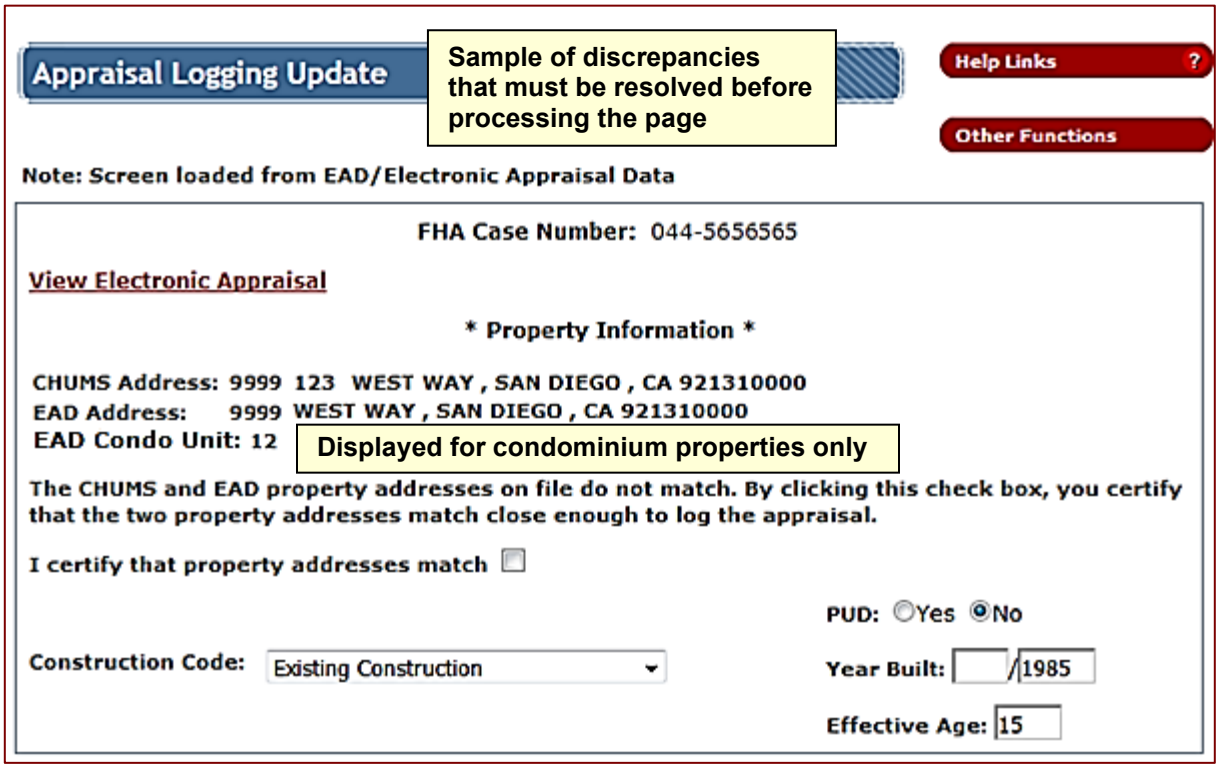



**Figure 3: Top portion of the Appraisal Logging Update page for a mismatched unit number in the condominium address**

## HECM Information

This section of the **Appraisal Logging Update** page (**Figure 4**) is displayed only for a Home Equity Conversion Mortgage (HECM) where the FHA case number was assigned on or after September 30, 2013. This information must be entered on the **Appraisal Logging Update** page and is *not* submitted through EAD or FHA Catalyst. Refer to the case binder and Appraisal Logging Help *(Field Descriptions)* if you need assistance completing this section.

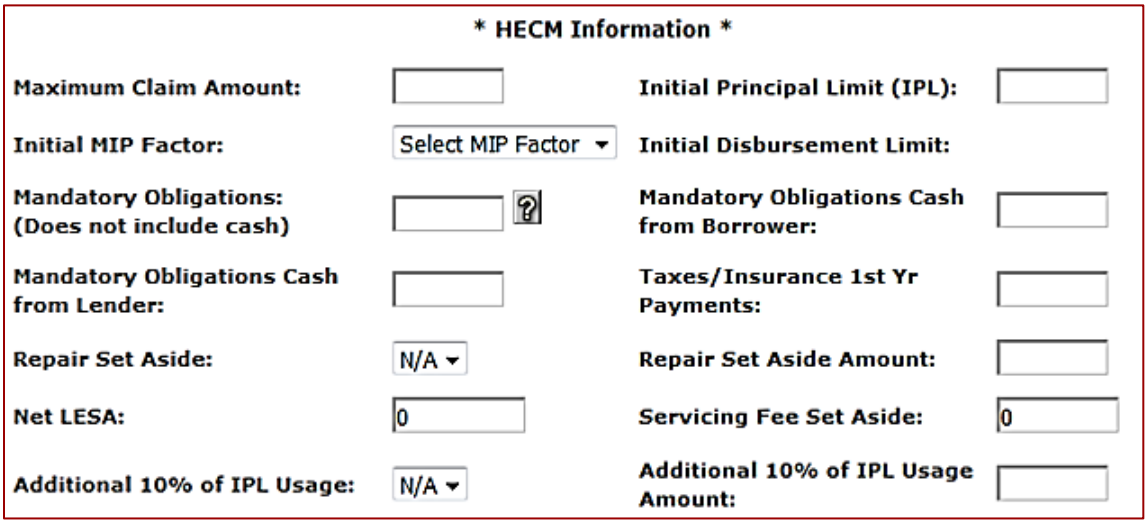
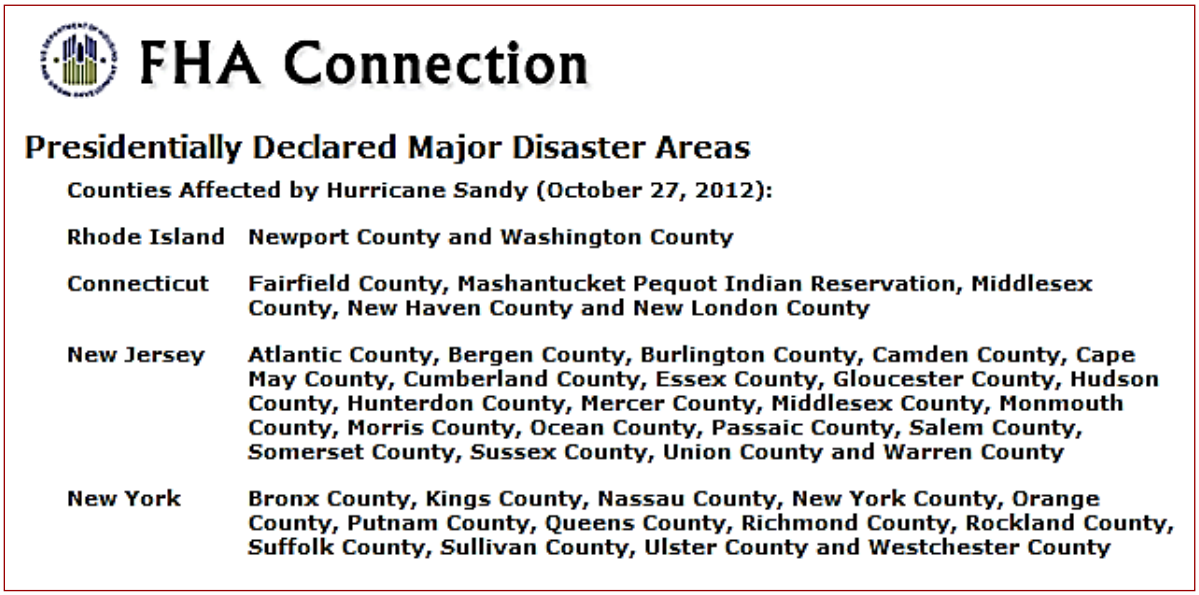



**Figure 4: HECM Information section of the Appraisal Logging Update page**

## Presidentially Declared Major Disaster Area

This section of the **Appraisal Logging Update** page is displayed only for those FHA cases that fall within the date range and location of a Presidentially Declared Major Disaster, specifically:

- an FHA case number was assigned to the mortgage within the date range, and
- the property is located within one of the counties affected by the disaster--see example in **Figure 5**.



FHA Connection

Presidentially Declared Major Disaster Areas

Counties Affected by Hurricane Sandy (October 27, 2012):

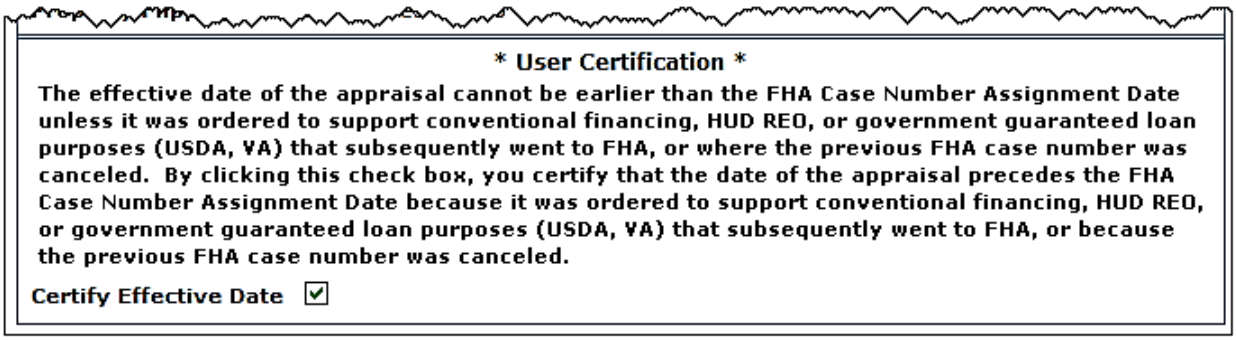
| | |
|---|---|
| Rhode Island | Newport County and Washington County |
| Connecticut | Fairfield County, Mashantucket Pequot Indian Reservation, Middlesex County, New Haven County and New London County |
| New Jersey | Atlantic County, Bergen County, Burlington County, Camden County, Cape May County, Cumberland County, Essex County, Gloucester County, Hudson County, Hunterdon County, Mercer County, Middlesex County, Monmouth County, Morris County, Ocean County, Passaic County, Salem County, Somerset County, Sussex County, Union County and Warren County |
| New York | Bronx County, Kings County, Nassau County, New York County, Orange County, Putnam County, Queens County, Richmond County, Rockland County, Suffolk County, Sullivan County, Ulster County and Westchester County |

**Figure 5: Sample of Presidentially Declared Major Disaster Areas pop-up page**

Refer to the case binder (closing package) for information from the damage inspection report. From this information, complete the **Presidentially Declared Major Disaster Area** section of the **Appraisal Logging Update** page.

## User Certification

A **User Certification** is displayed at the bottom of the **Appraisal Logging Update** page if the **Effective Date of Appraisal** for a case is prior to the **Case Number Assignment** date (**Figure 6**). It is applicable to mortgages assigned a case number on or after May 21, 2010. If the case meets one of the conditions stated in the **User Certification**, the **Certify Effective Date** checkbox is selected to continue case processing. This must be entered on the **Appraisal Logging Update** page and is *not* submitted through EAD or FHA Catalyst.



* User Certification *

The effective date of the appraisal cannot be earlier than the FHA Case Number Assignment Date unless it was ordered to support conventional financing, HUD REO, or government guaranteed loan purposes (USDA, VA) that subsequently went to FHA, or where the previous FHA case number was canceled. By clicking this check box, you certify that the date of the appraisal precedes the FHA Case Number Assignment Date because it was ordered to support conventional financing, HUD REO, or government guaranteed loan purposes (USDA, VA) that subsequently went to FHA, or because the previous FHA case number was canceled.

Certify Effective Date ☑

**Figure 6: User Confirmation statement on the Appraisal Logging Update page**

## Property Flipping Exemption

As previously stated, an exemption to a property flipping rule can be made for a mortgage assigned an FHA case number on or after September 15, 2015 (see **Property Flipping**). The **Appraisal Logging Update** page displays the ***Property Flipping*** section when an exemption may be entered (**Figure 7**). A selection is made from the drop-down list in the **Flipping Exemption/Applicability Reason** field.

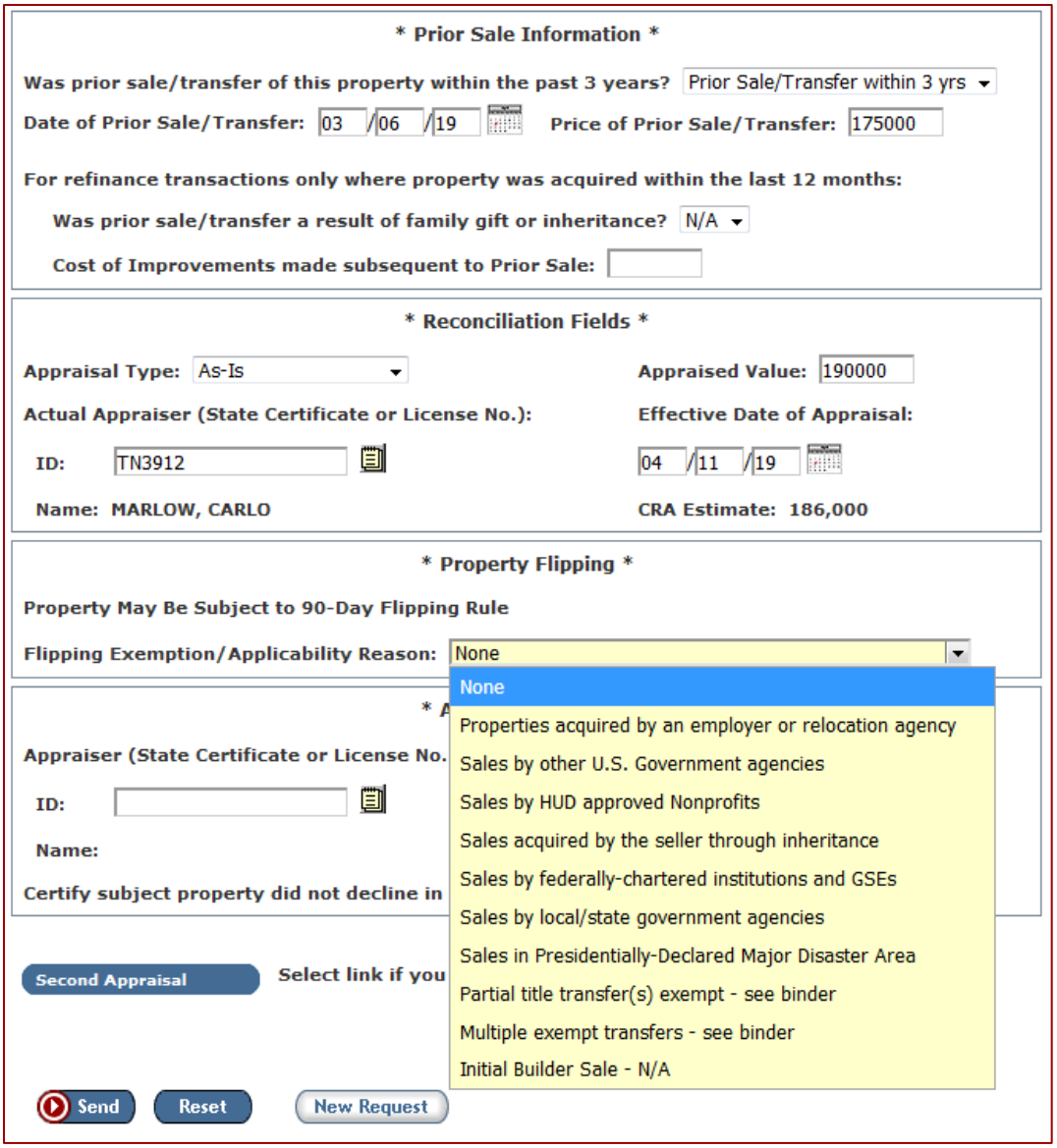



**Figure 7: Appraisal Logging Update page with Property Flipping section for entering an exemption**

## 203(k) Case Appraisal Submission Order Using EAD or FHA Catalyst

The order for submitting electronic appraisals for a 203(k) via either the EAD portal or FHA Catalyst is:

- Appraisal 1: *Subject to* appraisal
- Appraisal 2: *As-Is* appraisal

If there are two appraisals, the *Subject to* appraisal value must be greater than the *As-Is* appraisal value.

If an appraisal update is needed for the *Subject to* appraisal (Appraisal Update and/or Completion Report, Fannie Mae Form 1004D), the EAD or FHA Catalyst submission order is as follows:

- Appraisal 1: *Subject to* appraisal
- Appraisal 2: 1004D for *Subject to* appraisal
- Appraisal 3: *As-Is* appraisal

If an appraisal update is needed for the *As-Is* appraisal, the EAD or FHA Catalyst submission order is as follows:

- Appraisal 1: *Subject to* appraisal
- Appraisal 2: *As-Is* appraisal
- Appraisal 3: 1004D for *As-Is* appraisal

# Locating Appraisal Logging Information on an Appraisal Report

For each section of the **Appraisal Logging Update** page, the location of corresponding appraisal report fields is illustrated below. In this example, the **Uniform Residential Appraisal Report** (Fannie Mae Form 1004) for one-unit single family dwellings is shown; the same information is collected on any of the four available appraisal report forms.

## Property Information

Information relevant to the **Property Information** section of the **Appraisal Logging Update** page is displayed below:

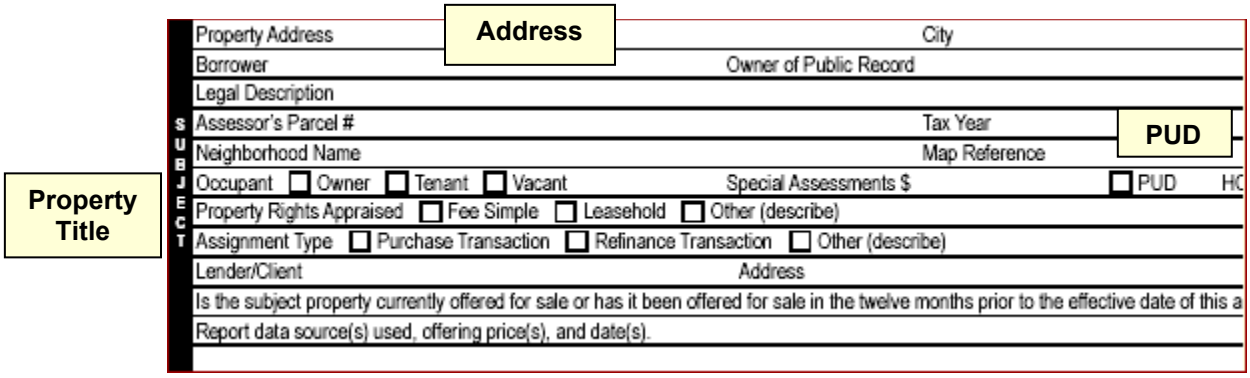



**Figure 8: Subject section of the appraisal report**

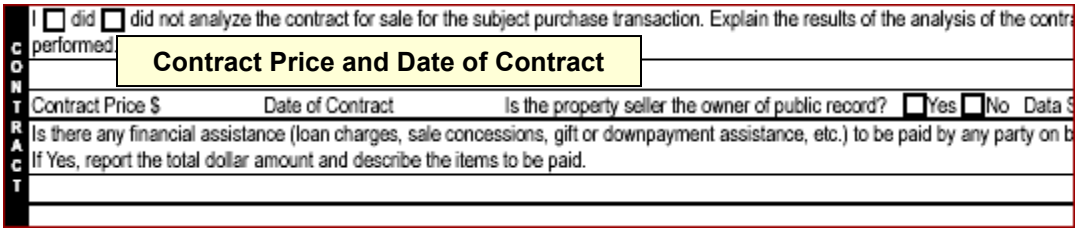



**Figure 9: Contract section of the Appraisal Report**

## Notes

- See the **Physical Characteristics Fields** section of this document for the following **Appraisal Logging Update** page fields: **Year Built**, **Construction Code**, and **Effective Age**.
- Information pertaining to the *optional* **Borrower Paid Appraiser Required Repairs** field of the **Appraisal Logging Update** page may be noted by the appraiser in any of the following **Appraisal Report** sections: **Reconciliation**, **Additional Comments** *(***Figure 10a** and **Figure 10b***)*, and **Improvements** *(***Figure 13***)*.

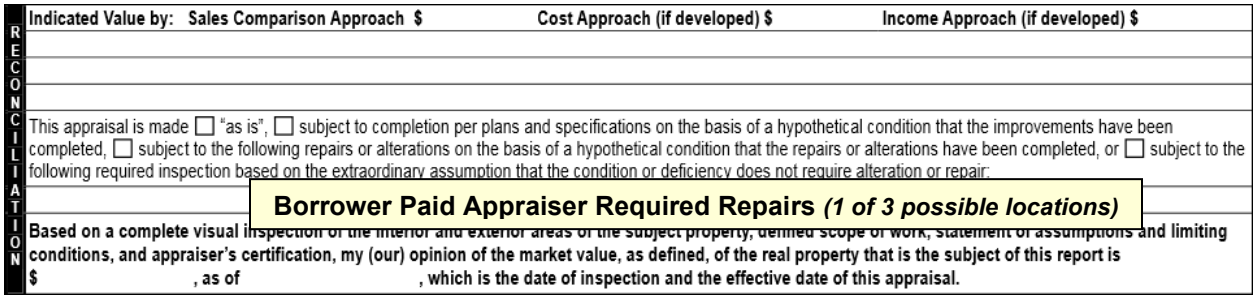



**Figure 10a: Reconciliation section of the Appraisal Report**

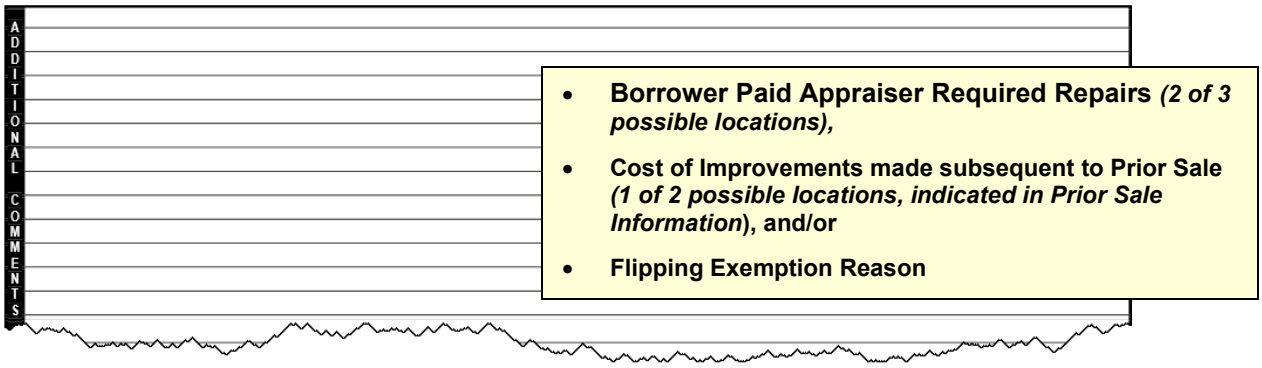



**Figure 10b: Additional Comments section of the Appraisal Report**

## Neighborhood Fields

Information related to **Neighborhood Fields** on the **Appraisal Logging Update** page is located in the **Neighborhood** section of the **Appraisal Report**.

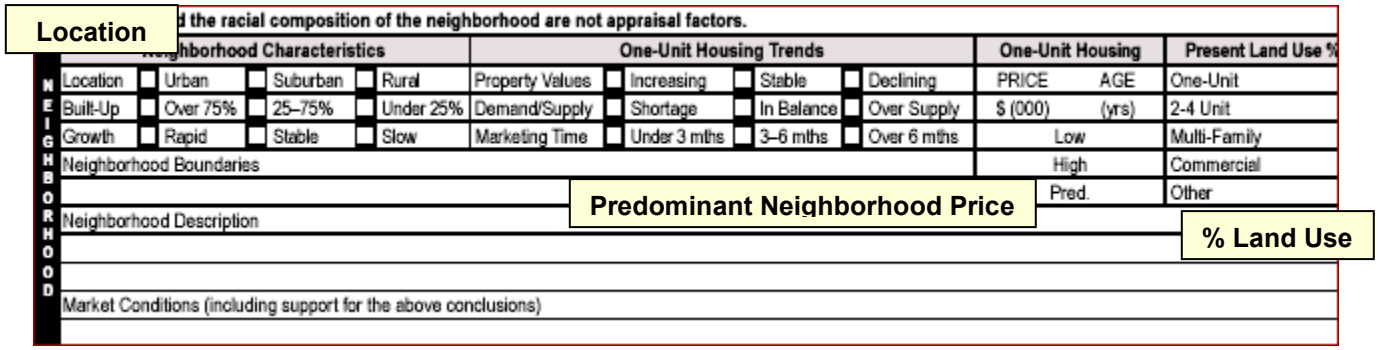



**Figure 11: Neighborhood section of the Appraisal Report**

## Site Fields

**Site Area** on the **Appraisal Logging Update** page can be found in the **Site** section of the **Appraisal Report**. The **Type** field on the **Appraisal Logging Update** page is found in the **Improvements** section of the **Appraisal Report** (see the **Physical Characteristics Fields** section below). The **Manufactured Housing** indicator on the **Appraisal Logging Update** page is determined based on the **Appraisal Report** form completed for the property (i.e., Fannie Mae form 1004, 1004C, 1073, or 1025).

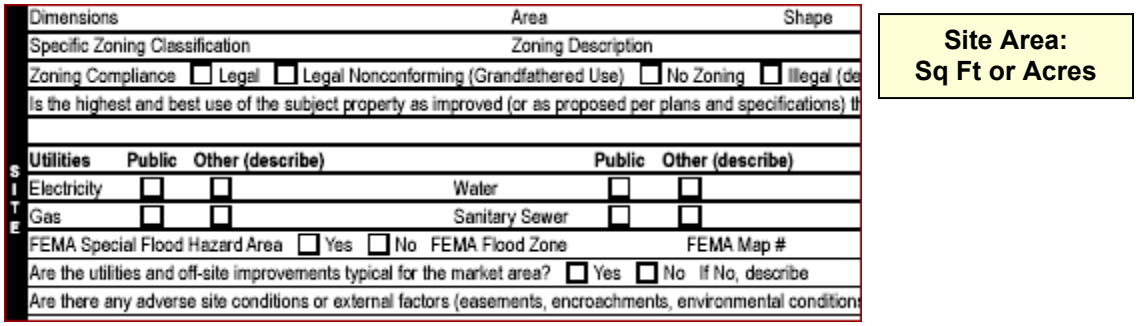



**Figure 12: Site section of the Appraisal Report**

## Physical Characteristics Fields

Information related to the **Physical Characteristics Fields** portion of the **Appraisal Logging Update** page is located in the **Improvements** section of the **Appraisal Report**.

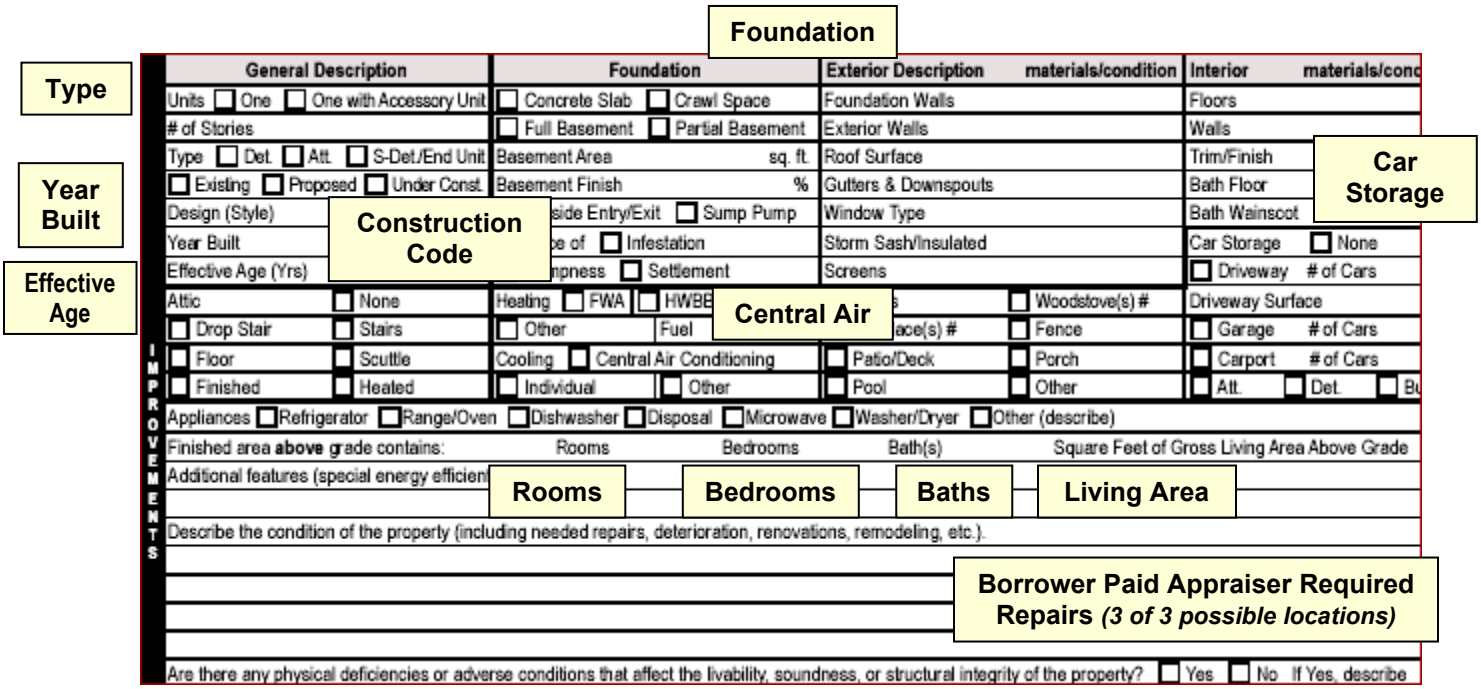



**Figure 13: Improvements section of the Appraisal Report**

## Prior Sale Information

Information pertaining to the **Prior Sale Information** section on the **Appraisal Logging Update** page is found in the **Sales Comparison Approach** section of the **Appraisal Report**.

If the property was sold *more than once* within a three-year period, enter the date and price of the last sale.

For refinance cases acquired within the past 12 months, locate possible appraiser notations regarding whether the sale/transfer was the result of a gift/inheritance, the cost of any improvements made to the property following the previous sale, and/or anything related to a flipping exemption. Information may be noted by the appraiser in the **Sales Comparison Approach** section (**Figure 11**) or possibly the **Additional Comments** section (see **Figure 7b**) of the **Appraisal Report**.

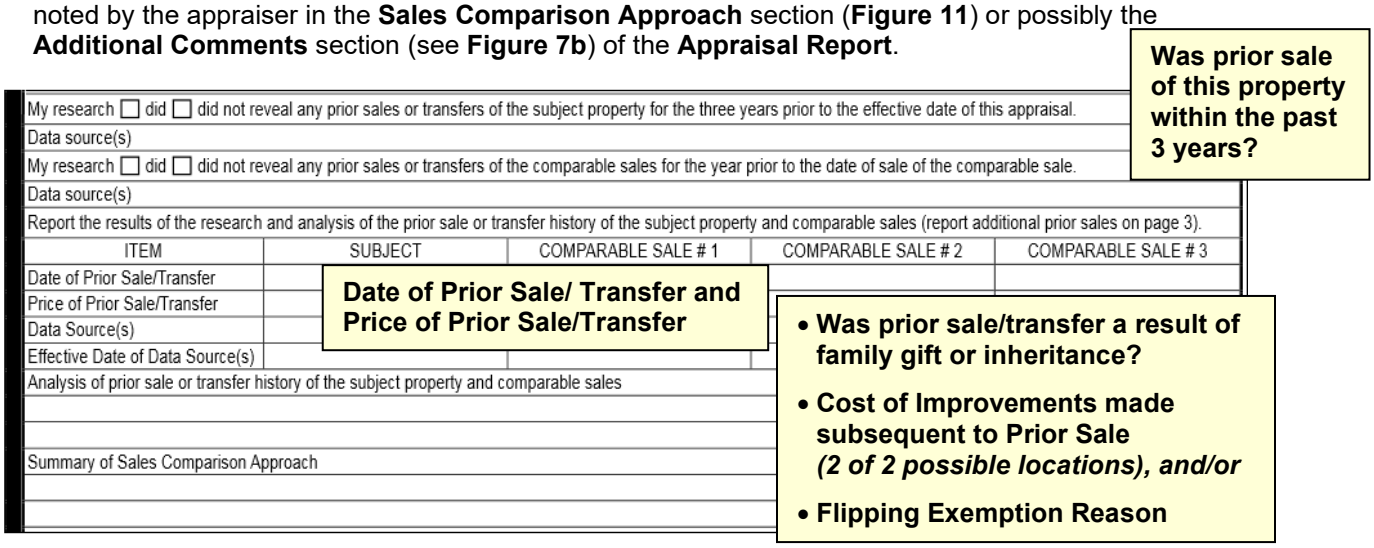



**Figure 14: Sales Comparison Approach section of the Appraisal Report**

## Reconciliation Fields

The required information for the **Reconciliation Fields** section of the **Appraisal Logging Update** page is located in the **Reconciliation** and **Appraiser's Certification** sections of the **Appraisal Report**.

RECONCILIATION

Indicated Value by: Sales Comparison Approach $ Cost Approach (if developed) $ Income Approach (if developed) $

**Type of Appraisal**

This appraisal is made ☐ "as is", ☐ subject to completion per plans and specifications on the basis of a hypothetical condition that the improvements have been completed, ☐ subject to the following repairs or alterations on the basis of a hypothetical condition that the repairs or alterations have been completed, or ☐ 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.

**Appraised Value and Effective Date of Appraisal**

**Figure 15: Reconciliation section of the Appraisal Report**

APPRAISER

Signature
Name
Company Name
Company Address
Telephone Number
Email Address
Date of Signature and Report
Effective Date of Appraisal
State Certification #
or State License #
or Other (describe) State #
State
Expiration Date of Certification or License

**Appraiser**

**Effective Date of Appraisal**

ADDRESS OF PROPERTY APPRAISED

APPRAISED VALUE OF SUBJECT PROPERTY $

**Appraised Value**

LENDER/CLIENT
Name
Company Name
Company Address
Email Address

SUPERVISORY APPRAISER (ONLY IF REQUIRED)

Signature
Name
Company Name
Company Address
Telephone Number
Email Address
or State License #
State
Expiration Date of Certification or License

SUBJECT PROPERTY

☐ Did not inspect subject property
☐ Did inspect exterior of subject property from street
☐ Did inspect exterior of subject property
Date of Inspection

COMPARABLE SALES

☐ Did not inspect exterior of comparable sales from street
☐ Did inspect exterior of comparable sales from street
Date of Inspection

**Figure 16: Appraiser's Certification section of the Appraisal Report**