



## *Lender*

### **FHA Appraiser Exam:**

#### **1. Is there a test required for appraisers to perform FHA appraisals?**

Yes, appraisers must pass the FHA Appraiser exam to perform FHA appraisals as of February 1, 2000.

#### **2. How can lenders recognize that appraisers are approved under the new program when ordering case numbers?**

HUD has a list of existing appraisers found on the lender's FHA Connection. New appraisers must go through an application process (complete Form HUD-92563, "Fee or Roster Designation - Application for Fee Personnel Designation") and pass the FHA appraiser exam in order to be placed on the Register. Lenders will not be able to assign cases to appraisers that are not FHA Registered.

#### **3. To be a registered appraiser, where do appraisers go to complete the new testing, and will they then be issued CHUMS Identification Numbers as in the past?**

There are multiple testing centers (Sylvan Testing) in each state. All of the information for testing is available on REAC's Single Family Appraisal Quality Assessment [website](#). Appraisers will not receive CHUMS Identification Numbers, and HUD will not issue letters to individual appraisers notifying them that they have been placed on the Lender Selection Register or that CHUMS has updated their license information ([Mortgagee Letter 99-28](#)).

#### **4. How do underwriters know if an appraiser is eligible to perform FHA appraisals?**

HUD will continue to maintain the FHA Register and will approve only those appraisers who have passed the exam. Appraisers who have not passed the exam are not eligible to perform FHA appraisals. Lenders can ascertain an appraiser's FHA Register status through the FHA Connection and ECHO.

### **“For Your Protection: Get a Home Inspection”:**

#### **1. If the "For Your Protection" form is required to be signed before or on the date the borrower signs a contract, why are lenders required to provide this disclosure?**

The lender is ultimately responsible to ensure compliance with this requirement on cases to be submitted for HUD mortgage insurance.



**2. Which Disclosure does the "For Your Protection" form replace?**

Please refer to Mortgagee Letter 99-18. It has replaced "Importance of Home Inspections" found in Mortgagee Letter 96-67.

**3. Since the "For Your Protection" form is to be signed at or before the contract date, what is the required date of notification when an offer to purchase was originally subject to conventional financing and then the requested financing type changes from Conventional to FHA?**

Your responsibility is no different than it has been in the past. The new form is part of the FHA financing package and must be signed on or before the contract date. The sales contract must be re-executed if necessary (per Mortgagee Letter 99-18).

**4. Does the purchase contract have to be "re-executed" when the "For Your Protection" form disclosure is not executed prior to or at the signing of the contract? Or can the buyers and sellers sign an Amendment to the contract acknowledging that it was not provided to them before signing the contract, but they have chosen to continue the transaction anyway?**

Amendments are not acceptable, but a properly completed modified contract will be acceptable. This includes the same contract dated again and initialed.

**5. We, the lender, are not a part of the Purchase agreement, so how do we enforce the "For Your Protection" form being executed on time?**

If the Realtor does not complete this, the lender must have the borrowers sign the form upon application and re-execute the sales contract. It becomes part of the FHA Case Binder.

**6. Why is there a space on the "For Your Protection" form for the seller's name and property address, when many buyers will be signing this form at a pre-approval application and the form clearly indicates with the last statement that the form is to be signed prior to signing a contract on a house?**

Although the pre-approval process is an excellent way for a buyer/borrower to know how much "house" they can afford, it is not part of the typical purchasing process. This new required process assists the buyer in making an informed decision.

**7. Will you accept a facsimile signature on the "For Your Protection" form?**

Yes, but obtain the original for your file, when possible.

**8. Can the lender accept a certified copy of the "For Your Protection: Get a Home Inspection" form (in cases where Realtors have already made the disclosure)?**

Yes, but it does not need to be a certified copy.



**9. What is the order in which the new forms should be placed in the FHA case binder?**

The order is as follows, top to bottom: For Your Protection, Uniform Resident Appraisal Report (URAR), Valuation Condition (VC) Form and Homebuyer Summary.

**10. On REO sales, will HUD agree to re-execute purchase agreements when the "For Your Protection" form was not signed by the borrower prior to or on the date that the original agreement was signed?**

Yes.

**Homebuyer Summary:**

**1. What is the purpose of delaying closing 5 business days from the date that the borrowers signature is obtained on the Homebuyer Summary?**

There will be circumstances in which this 5 day requirement will create a hardship for the borrower (e.g., lock expirations, multiple scheduled that are contingent on the closing of the subject property, etc.). The purpose of the notice is to provide timely information to the buyer for repairs to be completed. If the repairs have been completed, the buyer may waive the 5 day requirement, in writing.

**2. Does the 5 business days prior to closing restriction, on transactions with applicable repairs, apply to actual day of closing date of disbursement for those states that are escrow closing?**

The date of closing will be considered to be the date on the HUD-1.

**3. In calculating the 5 day requirement for the Homebuyer Summary, can Saturday can be considered a business day if the local office is typically open on a Saturday? Will there be any written clarification of this?**

If a Saturday is a normal business day for your local office, then it can be included in the 5 days. This will be addressed in writing an errata to the Handbook or a Mortgage Letter.

**4. If a loan is approved subject to an appraisal and the appraisal is not completed until a couple of days prior to closing, does the settlement need to be rescheduled because it is less than 5 days before closing?**

Yes, unless the repairs are completed and the buyer agrees, in writing, to waive the 5 day requirement. To ensure that late arriving appraisals do not delay settlement dates, HUD recommends ordering the appraisal earlier.



**5. Define borrowers' receipt of the Homebuyer Summary at least 5 business days prior to closing. If the lender mails the Homebuyer Summary 8 business prior closing, is the requirement met?**

The borrower must RECEIVE and sign the form 5 days prior to closing. Saturday can be included in the 5 day calculation if it is considered a normal business day for the lender. Sunday may not be included in the calculation.

**6. Do all borrowers need to sign the Homebuyer Summary? If the homebuyers sign on different dates, which date is to be used to meet the 5 business day requirement?**

Yes, all borrowers are required to sign the form. The date of the last signature controls and is the date on which the 5 day requirement is calculated.

**7. If there are no repairs per the Homebuyer Summary sheet, can the loan close in less than the 5 days?**

The homebuyer is required to sign the Homebuyer Summary at least 5 days before closing, regardless of the number of repairs. The borrower can choose to waive this requirement in writing.

**8. Does the 5 day requirement relating to the Homebuyer Summary apply to refinances?**

Yes, on refinances from conventional financing to FHA and cash-out FHA to FHA refinances. The lender must ensure that the appraiser is fully informed on the type of appraisal that is being ordered. Appraisers may routinely wish to complete both the VC Form and the Homebuyer Summary.

**9. Does the 5 day requirement for the Homebuyer Summary apply to streamline refinances with appraisals?**

No. On streamline refinances with appraisals, all that is required is the VC form, not the Homebuyer Summary. Although FHA does not require repairs (except for lead based paint repairs) on streamline refinances with appraisals, the lender may require completion of repairs as a condition of the appraisal.

**10. Instead of creating more paperwork with a new disclosure, wouldn't it be more practical for lenders to provide homebuyers with a copy of the URAR and the VC Form?**

No. The Homebuyer Summary was created to summarize and simplify the conclusions of those forms for the buyer.

**11. Is there any discussion with the National Association of Realtors to incorporate the new Homebuyer Summary into the standard purchase agreement form?**



No. It is important that this form be a separate document, so that the homebuyer is fully aware of the information.

**12. Is the sponsoring lender responsible for sending the Homebuyer Summary to the borrower or is the correspondent who originated the loan responsible?**

The sponsoring lender has the responsibility to assure that the case binder is complete and the homebuyer has received the form on the correct date.

**13. We received two different Homebuyer Summary forms. The forms are identical, except that one requires the underwriter's name and signature and the other does not. Which is correct?**

The correct form is the one without the underwriter's name that contains the 5 day notice section. The other form (with the underwriter's signature) was a draft released for comments on the Internet. Based upon the comments that were received, the form was modified. The correct version is now provided on the [Single Family Appraisal Quality Assessment webpage](#).

**14. Can a Direct Endorsement Underwriter modify the Homebuyer Summary if the appraiser leaves something out?**

No. The Direct Endorsement underwriter should go back to the appraiser and have him/her correct the missing item.

**Valuation Conditions:**

**1. Can a Homeownership Center or one of the HUD field offices waive the use of the VC Form and allow a lender to use the old National VC Sheet?**

No.

**2. The underwriters are no longer able to waive conditions noted on the valuation condition sheet. What specific items can be addressed or altered by the underwriter, or can any?**

Underwriters are permitted to waive cosmetic repairs; however, the VC Form should contain only those repairs required to satisfy HUD's Minimum Property Requirements. Repair items can be satisfied by inspection only. Complete information is provided in [Mortgage Letter 99-18](#)

**3. Prior to this change, HUD had backed away from detailed minimum property standards in favor of a "safety and soundness" view toward financed properties. We are particularly concerned with the change in direction of HUD for a number of reasons, primarily "What is our liability as a lender under the new guidelines?"**

Liability is no different now than it was with the previous VC sheet. Lenders always have had the responsibility to determine compliance with Minimum Property Requirements/Standards. The VC



Form provides the underwriter with the information necessary to determine if any additional repair requirements are necessary.

**4. May the lender ever do the repair inspection?**

The lender may do the Compliance Inspection, as long as the person making the inspection is qualified to clear the item.

**5. If the lender does the repair inspection, is the lender required to complete the Compliance Inspection Report (92051)? If so, does the Direct Endorsement (DE) Underwriter complete the form alone? If the 92051 is not required, is the lender inspection required to be signed by the DE Underwriter?**

The Compliance Inspection Report must be completed by the individual that performed the inspection. In addition to the signature of the inspector, the DE Underwriter would sign the form in Section III when and where appropriate.

**6. Please describe some repair items that would qualify for an escrow holdback.**

Examples of repair items qualifying for an escrow holdback include: exterior paint (in cold weather) and landscaping (when weather does not permit).

**7. Since the appraisal consists of the URAR, VC Form and the Homebuyer Summary, do the borrowers receive a copy of the URAR and the VC Forms as well as the Homebuyer Summary?**

The lender must give the borrowers a copy of the Homebuyer Summary. The other forms must be provided to the borrowers upon request.

**Lender Issues:**

**1. Is the one year warranty going to replace the 10-year Warranty?**

No.

**2. Why, at a time when the mortgage industry is moving in the opposite direction, relying more on credit scores and less on property valuation, did HUD choose to head in the direction of tighter controls?**

HUD has always had Minimum Property Requirements and requires a complete and thorough appraisal.

**3. Who will be training the appraisers?**

Industry groups, professional societies and trade organizations provide nationwide training.



**4. How will, who will and when will appraisers be removed from the FHA Connection approved appraiser list?**

Upon expiration of their appraisal license or certification, or through disciplinary action, appraisers will be removed from the list. Also, appraisers that have not passed the FHA Appraiser exam will not be on the list.

**5. What are the eight new questions required for CHUMS/case number assignment?**

The eight new questions deal with data fields from a completed appraisal. Training materials for entering the new data can be obtained on the Single Family Appraisal Quality Assessment [Lender Partners webpage](#).