

# Logging an Appraisal

**Appraisal Logging** on the FHA Connection (FHAC) allows a lender to log, add, change, or review appraisal information in HUD's origination system for non-endorsed cases assigned an FHA case number prior to 06/27/2016.

**Note:** For case numbers assigned on/after 06/27/2016, use the FHA's Electronic Appraisal Delivery (EAD) portal to upload appraisal information and transmit to HUD (EAD is *optional* for case numbers assigned 04/11/2015 through 06/26/2016). **Appraisal Logging** on the FHA Connection is automatically populated with the appraisal report information from EAD.

More information regarding EAD is available at:

[https://www.hud.gov/program\\_offices/housing/sfh/lender/origination/ead](https://www.hud.gov/program_offices/housing/sfh/lender/origination/ead).

**FHA Connection** | Home | Main Menu | ID Maintenance | Email Us | Contact Us | Sign Off

Single Family FHA | Single Family Origination > Case Processing > Appraisal Logging

**Appraisal Logging Update** | Help Links | Other Functions

FHA Case Number: 105-8787878

[View Electronic Appraisal](#) \* Property Information \*

Address: 4567 WILLIAM RD , HAHIRA , GA 316320000 PUD:  Yes  No

Construction Code: Existing Construction Year Built: 01 / 2012

Effective Age: 4

Appraisal Received Date: 03 / 15 / 16

Borrower Paid Appraiser Required Repairs:

\* Neighborhood Fields \*

Location: Suburban Predominant Neighborhood Price: 150000

%Land Use: One-Unit: 100 2-4 Unit: Multi-Family: Commercial:

\* Site Fields \*

Site Area: Sq Ft: 4792 Acres:

Type: Detached Manufactured Housing:  Yes  No

\* Physical Characteristic Fields \*

Foundation: Concrete Slab Rooms: 6 Bedrooms: 3 Baths: 2.0

Living Area: 1428 Central Air:  Yes  No Car Storage: Two-car Garage

\* Property Title Information \*

Estate Will be Held in: Fee Simple Leasehold Expiration Date:

\* Prior Sale Information \*

Was prior sale/transfer of this property within the past 3 years? Prior Sale/Transfer within 3 yrs

Date of Prior Sale/Transfer: 05 / 01 / 15 Price of Prior Sale/Transfer: 140000

For refinance transactions only where property was acquired within the last 12 months:

Was prior sale/transfer a result of family gift or inheritance? Yes

Cost of Improvements made subsequent to Prior Sale: 0

\* Reconciliation Fields \*

Appraisal Type: As-Is Appraised Value: 130000

Actual Appraiser (State Certificate or License No.): ID: GACR456789 Effective Date of Appraisal: 03 / 05 / 16

Name: WILLS, WILLIE W

\* Appraisal Update \*

Appraiser (State Certificate or License No.): ID: Name: Effective Date of Appraisal Update:

Certify subject property did not decline in value

Second Appraisal Select link if you wish to enter second appraisal

Send Reset New Request

Figure 1: Appraisal Logging Update Page

**Appraisal Logging** is required except for streamline refinance cases that do not require an appraisal. If the case requires an appraisal, **Appraisal Logging** must be processed before submitting **Insurance Application**. After a case is endorsed for insurance, appraisal information can only be viewed. (See also the **Electronic Appraisals** section for information on electronic appraisals.)

For all appraisals of properties that are to be security for FHA-insured mortgages, and which are performed on or after January 1, 2006, the appraisal must be reported on one of the Fannie Mae appraisal reporting forms listed below *as per 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.

Resources that can be used to complete any of the above forms are described in the section **Assistance for Completing the FHAC Appraisal Logging Form**. Illustrations showing the location of the FHAC Appraisal Logging fields on the URAR for a one-unit single family dwelling are provided in the section **Locating Appraisal Logging Information on an Appraisal Report**.

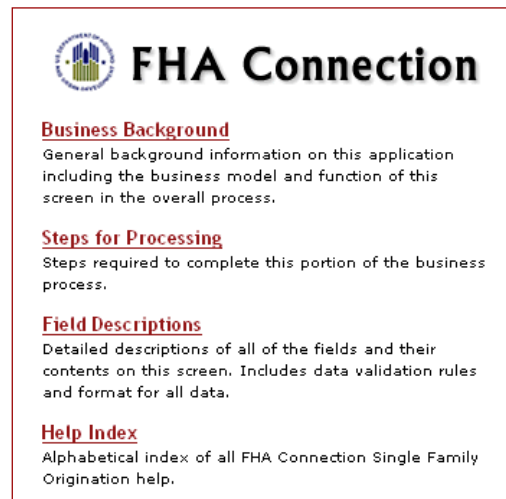
## Notes

- An appraisal may be extended up to 120 days from the effective date of the original appraisal. The **Appraisal Update and/or Completion Report** (Fannie Mae 1004D March 2005) is completed for this extended period.
- For case numbers issued beginning January 1, 2010, if a case is transferred from one FHA-approved lender to another, a second appraisal may be ordered by the new lender under certain conditions. Click [Second Appraisal](#) at the bottom of the page to enter the second appraisal as needed.
- The appraiser must: hold a state certification; not be listed on the GSA Suspension and Debarment List, HUD's Limited Denial of Participation (LDP) List, or HUD's Credit Alert Verification Reporting System (CAIVRS); undergo HUD quality control reviews; and meet minimum Appraiser Qualification Board (AQB) requirements.

## Assistance for Completing the FHAC Appraisal Logging Form

Assistance in completing the form is available by using any combination of the detailed resources listed below:

1. Click [Help Links](#) in the upper right of the Appraisal Logging Update page. Select from the Help menu options for detailed information. Especially useful in completing the Appraisal Logging form online will be:
  - **Business Background**  
Provides a brief overview of the function, including acceptable forms, process order, and appraiser certification basics
  - **Steps for Processing**  
Explains how to enter information from the appraisal reporting form
  - **Field Descriptions**  
Describe each field and its contents



**FHA Connection**

**Business Background**  
General background information on this application including the business model and function of this screen in the overall process.

**Steps for Processing**  
Steps required to complete this portion of the business process.

**Field Descriptions**  
Detailed descriptions of all of the fields and their contents on this screen. Includes data validation rules and format for all data.

**Help Index**  
Alphabetical index of all FHA Connection Single Family Origination help.

Figure 2: FHA Connection Help pop-up menu

2. Refer to the **FHA Single Family Housing Policy Handbook** (Handbook 4000.1) and the below listed mortgagee letters for additional guidance when completing **Appraisal Logging**:
  - 2015-08: *Electronic Appraisal Delivery (EAD) portal for Federal Housing Administration (FHA) Insured Single Family Mortgages*,
  - 2013-27: *Changes to the Home Equity Conversion Mortgage Program Requirements*,

The **FHA Single Family Housing Policy Handbook** (Handbook 4000.1) is available at:

- [https://www.hud.gov/program\\_offices/housing/sfh/handbook\\_4000-1](https://www.hud.gov/program_offices/housing/sfh/handbook_4000-1), or
- [https://www.hud.gov/program\\_offices/administration/hudclips/handbooks/hsg](https://www.hud.gov/program_offices/administration/hudclips/handbooks/hsg)

Mortgagee letters are accessed by selecting Mortgagee Letters in the:

- footer on FHA Connection pages (*before or after sign on*) (**Figure 3**) and following the links to the specific letter, or,
- **FHA Connection Resources** section of the page following sign on to the FHA Connection (**Figure 4**).

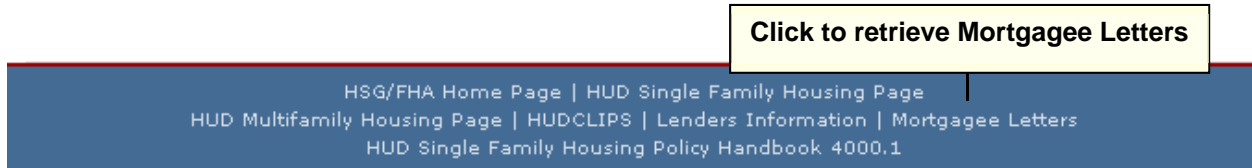


Figure 3: Link to Mortgagee Letters in FHA Connection footer

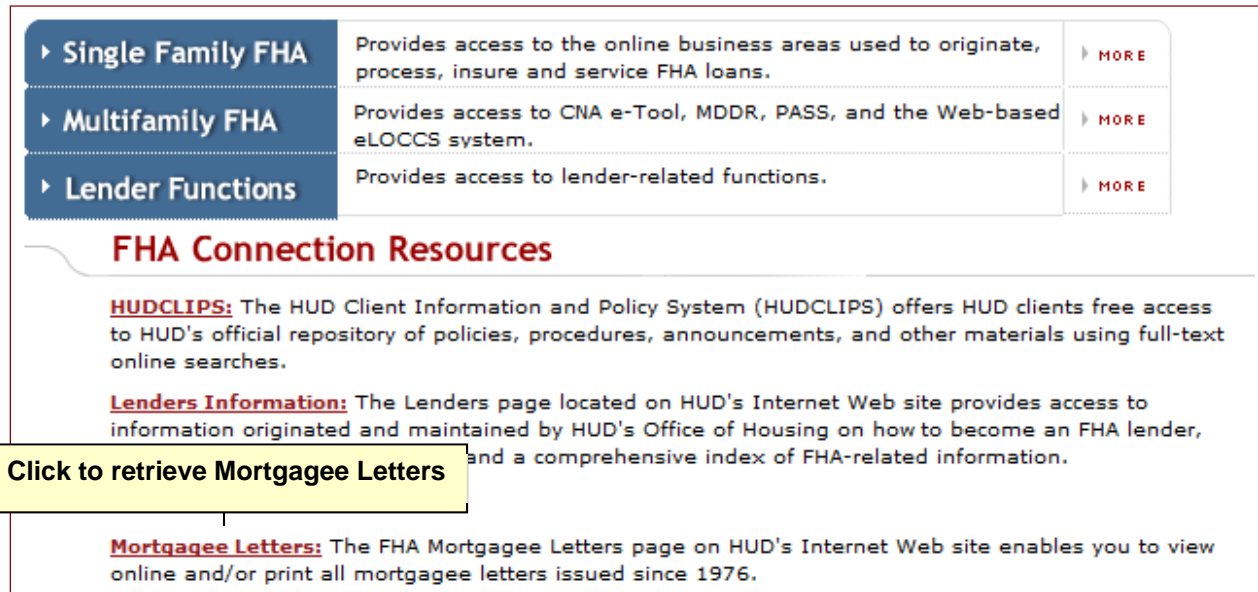


Figure 4: FHA Connection Resources link to Mortgagee Letters

## Locating Appraisal Logging Information on an Appraisal Report

For each section of the Appraisal Logging page, the location of corresponding URAR 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 5: Subject section of the Appraisal Report

Figure 6: 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 7a and Figure 7b)**, and **Improvements (Figure 10)**.

Figure 7a: Reconciliation section of the Appraisal Report

ADDITIONAL COMMENTS	

- Borrower Paid Appraiser Required Repairs (2 of 3 possible locations),
- Cost of Improvements made subsequent to Prior Sale (1 of 2 possible locations, indicated in Prior Sale Information), and/or
- Flipping Exemption Reason

Figure 7b: 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**.

Location											
the racial composition of the neighborhood are not appraisal factors.											
NEIGHBORHOOD	Neighborhood Characteristics			One-Unit Housing Trends			One-Unit Housing		Present Land Use %		
	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										
								Predominant Neighborhood Price			
	Market Conditions (including support for the above conclusions)										% Land Use

Figure 8: 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).

SITE	Dimensions		Area	Shape		
	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 (des)
	Is the highest and best use of the subject property as improved (or as proposed per plans and specifications) the					
	Utilities		Public	Other (describe)		
	Electricity	<input type="checkbox"/>	<input type="checkbox"/>	Water	<input type="checkbox"/>	<input type="checkbox"/>
	Gas	<input type="checkbox"/>	<input type="checkbox"/>	Sanitary Sewer	<input type="checkbox"/>	<input type="checkbox"/>
	FEMA Special Flood Hazard Area		<input type="checkbox"/> Yes	<input type="checkbox"/> No	FEMA Flood Zone	FEMA Map #
	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)					

Site Area: Sq Ft or Acres

Figure 9: 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**.

The image shows a detailed view of the 'IMPROVEMENTS' section of an appraisal report form. The form is organized into several columns: 'General Description', 'Foundation', 'Exterior Description', and 'Interior'. Callouts point to various fields: 'Type' points to 'Units' and 'One with Accessory Unit'; 'Year Built' points to 'Year Built' and 'Effective Age (Yrs)'; 'Effective Age' points to 'Effective Age (Yrs)'; 'Foundation' points to the 'Foundation' column; 'Construction Code' points to 'Design (Style)'; 'Central Air' points to 'Central Air Conditioning'; 'Car Storage' points to 'Car Storage' in the interior section; 'Rooms', 'Bedrooms', 'Baths', and 'Living Area' point to their respective counts in the 'Additional features' section; and 'Borrower Paid Appraiser Required Repairs (3 of 3 possible locations)' points to a specific field in the 'Additional features' section. The bottom of the form includes a section for 'Describe the condition of the property' and a checkbox for 'Are there any physical deficiencies or adverse conditions that affect the livability, soundness, or structural integrity of the property?'.

Figure 10: 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**.

The image shows the 'SALES COMPARISON APPROACH' section of an appraisal report form. It includes fields for '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.' and '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.' Below these are fields for '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)'. A table with columns 'ITEM', 'SUBJECT', 'COMPARABLE SALE # 1', 'COMPARABLE SALE # 2', and 'COMPARABLE SALE # 3' is provided for data entry. The table rows include 'Date of Prior Sale/Transfer', 'Price of Prior Sale/Transfer', 'Data Source(s)', and 'Effective Date of Data Source(s)'. Below the table is a section for 'Analysis of prior sale or transfer history of the subject property and comparable sales' and a 'Summary of Sales Comparison Approach'. Callouts point to a question 'Was prior sale of this property within the past 3 years?' and a list of questions: 'Was prior sale/transfer a result of family gift or inheritance?', 'Cost of Improvements made subsequent to Prior Sale (2 of 2 possible locations), and/or', and 'Flipping Exemption Reason'.

Figure 11: Sales Comparison Approach section of the Appraisal Report



### HECM Information

This page section of the Appraisal Logging Update page (**Figure 14**) displays only for Home Equity Conversion Mortgage (HECM) loans in which the FHA case number was assigned on or after September 30, 2013. This information must be entered on the Appraisal Logging page and is *not* submitted through EAD. Refer to the case binder and **Appraisal Logging Help (Field Descriptions)** if you need assistance completing this page section.


* HECM Information *			
Maximum Claim Amount:	<input type="text"/>	Initial Principal Limit (IPL):	<input type="text"/>
Initial MIP Factor:	Select MIP Factor ▾	Initial Disbursement Limit:	<input type="text"/>
Mandatory Obligations: (Does not include cash)	<input type="text"/> ?	Mandatory Obligations Cash from Borrower:	<input type="text"/>
Mandatory Obligations Cash from Lender:	<input type="text"/>	Taxes/Insurance 1st Yr Payments:	<input type="text"/>
Repair Set Aside:	N/A ▾	Repair Set Aside Amount:	<input type="text"/>
Net LESA:	0 <input type="text"/>	Servicing Fee Set Aside:	0 <input type="text"/>
Additional 10% of IPL Usage:	N/A ▾	Additional 10% of IPL Usage Amount:	<input type="text"/>

Figure 14: HECM Information page section

### Presidentially Declared Major Disaster Area

This section of the Appraisal Logging Update page displays only for those FHA case numbers that fall within specific date and location parameters of a Presidentialy Declared Major Disaster and include:

- case number assigned within the indicated date parameters, and
- property located within one of the counties affected by the named disaster--see example in **Figure 15**.



## FHA Connection

### Presidentially Declared Major Disaster Areas

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

<b>Rhode Island</b>	<b>Newport County and Washington County</b>
<b>Connecticut</b>	<b>Fairfield County, Mashantucket Pequot Indian Reservation, Middlesex County, New Haven County and New London County</b>
<b>New Jersey</b>	<b>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</b>
<b>New York</b>	<b>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</b>

Figure 15: Sample of Presidentialy Declared Major Disaster Areas pop-up page



Refer to the case binder for information from the damage inspection report. From this information, complete the **Presidentially Declared Major Disaster Area** section.

## User Certification

A **User Certification** is displayed at the bottom of the Appraisal Logging page if the **Effective Date of Appraisal** for a case is prior to the **Case Number Assignment** date (**Figure 16**). 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 page and is *not* submitted through EAD.

**\* 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 16: User Confirmation statement on the Appraisal Logging Update page

## 203(k) Appraisals

For a 203(k) 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*.

## Second Appraisals

A second appraisal should be recorded using **Appraisal Logging** 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 required for a 203(k) case.

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

- Cases assigned 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 via **Appraisal Logging**.

## Electronic Appraisals

For electronic appraisals submitted via the Electronic Appraisal Delivery (EAD) portal, required for all FHA case numbers assigned on/after 06/27/2016, a link to the actual appraisal documentation is provided at the top of the Appraisal Logging Update and Results pages (**Figure 17**). You may view the appraisal information, provided in a Portable Document Format (.pdf) file, by clicking the [View Electronic Appraisal](#) link and selecting from the list of appraisal versions available in the displayed pop-up page (*user may be prompted to save/open the appraisal report based on the user's Internet browser*) (**Figure 17**). The appraisal report is displayed.

**Click link to view pop-up page with links to uploaded appraisal documents**

**Appraisal pop-up page with links to available appraisal documents**


**Appraisal report file**

**Click links to view submitted appraisal documents**

Document Type	Posted Date	Form Number	Form Type	Version	Status
<b>Appraisal1</b>					
	04-15-2015 16:53	FNM1004		<b>2</b>	Successful
	04-15-2015 16:52	FNM1004		<b>1</b>	NotSuccessful
<b>Appraisal2</b>					
	04-24-2015 16:20	FNM1004		<b>3</b>	Successful
	04-24-2015 16:18	FNM1004		<b>2</b>	Successful
	04-30-2015 11:07	1004D	Appraisal Update	<b>EAD V2.0</b>	In Progress
	04-24-2015 16:12	FNM1004		<b>1</b>	Successful

Figure 17: Top portion of the Appraisal Logging Update page and Electronic Appraisal Documents pop-up page linking to submitted appraisal report files

For electronic appraisals submitted (*or, updated and resubmitted*) via the EAD portal, the appraisal information populates (prefills) the Appraisal Logging Update page *when the page is accessed*. The appraisal information must be reviewed, edited (*as needed*), and processed using the FHA Connection.

**Note:** You must click  **Send** on the Appraisal Logging Update page to process the page and save the electronic appraisal information from the EAD portal to HUD's system of record (Computerized Homes Underwriting Management (CHUMS)); otherwise, the appraisal information is **not** retained in the Appraisal Logging Update page.

## Case Type Messages

Upon accessing the Appraisal Logging Update page populated with the EAD portal appraisal information, the user may receive one of three possible case type messages (**Figure 18**):


- **Screen loaded from EAD/Electronic Appraisal Data**  
(Indicates the case type in CHUMS matches the case type from the electronic appraisal case type.)
- **Warning: Screen loaded from EAD. EAD indicates Purchase - Ignored**  
(Indicates the case in CHUMS is a refinance but the electronic appraisal case type indicates a purchase.)
- **Warning: Screen loaded from EAD. EAD indicates Refinance – Ignored**  
(Indicates the case in CHUMS is a purchase but the electronic appraisal case type indicates a refinance.)

For the two *warning* messages, the CHUMS case type information is retained and the EAD case type information is ignored. You must correct the case type in:

- the electronic appraisal and resubmit it via the EAD portal, or
- CHUMS using the Case Number Assignment page on the FHA Connection.

## Address Messages

Upon initially accessing the Appraisal Logging Update page or when new appraisal information is populated from the EAD portal, the property address from both the EAD portal and CHUMS is displayed and compared (**Figure 18**). If the:

- **Addresses match:** Upon processing the page (clicking ) , the information on the page is saved to CHUMS and the next time the page is accessed, the **EAD 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 18**); the address in CHUMS is retained (not overwritten) when the Appraisal Logging page is processed.
  - *Address in CHUMS is incorrect and must be changed to the address in EAD*  
Change the property address using the Borrower/Address Change page on the FHA Connection. Upon returning to the Appraisal Logging page, there should be no address discrepancy.
  - *Address in EAD portal is incorrect and must be changed to the address in CHUMS*  
The electronic appraisal must be corrected and resubmitted using the EAD portal. If this correction is made, please note that CHUMS case information is updated periodically throughout the day from the EAD portal.

**Appraisal Logging Update** [Help Links](#) ?

[Other Functions](#)

Note: Screen loaded from EAD/Electronic Appraisal Data

FHA Case Number: 044-5656565

[View Electronic Appraisal](#)

\* Property Information \*

CHUMS Address: 9999 123 WEST WAY , SAN DIEGO , CA 921310000  
 EAD Address: 9999 WEST WAY , SAN DIEGO , CA 921310000  
 EAD Condo Unit: 12

The CHUMS and EAD property addresses on file do not match. By clicking this check box, you certify that the two property addresses match close enough to log the appraisal.

I certify that property addresses match

PUD:  Yes  No

Construction Code: Existing Construction

Year Built: /1985

Effective Age: 15

Sample of discrepancies that must be resolved before processing the page

Displayed for condominium properties only

Figure 18: Top portion of Appraisal Logging Update page for a mismatched condominium unit property

## EAD Appraisal Submission Order for a 203(k) case

The order for submitting electronic appraisals for a 203(k) via the EAD portal 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 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 submission order is as follows:

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

## Property Flipping

Property flipping is the practice of buying a property and quickly reselling it for a considerable profit. HUD has distinct rules and regulations regarding the practice of property flipping for FHA cases received by HUD on or after June 2, 2003. If a 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 in the **Property Flipping Exemptions** section 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:

- Properties acquired by an employee or relocation agency,
- Sales by other U.S. Government agencies,
- Sales by HUD approved Nonprofits,
- Sales acquired by the seller through inheritance,
- Sales by federally-chartered institutions and GSEs,
- Sales by local/state government agencies,
- Sales in Presidentially-Declared Major Disaster Area,
- Partial title transfer(s) exempt – see binder,
- Multiple exemption transfers – see binder
- Initial builder sale – N/A

A second appraisal is required for a property that is resold within 91-180 days after acquisition and meets/exceeds the resale price percentage threshold. The second appraisal must be conducted by a different appraiser.

**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 the HUD Handbook 4000.1.