



OFFICE of
INSPECTOR GENERAL

UNITED STATES DEPARTMENT OF
HOUSING AND URBAN DEVELOPMENT

HUD's FHA Appraiser Roster is Generally Reliable but Opportunities to Improve Data Management Exist

Audit Report Number: 2024-NY-0001

July 30, 2024

To: Sarah J. Edelman
Deputy Assistant Secretary for Single Family Housing, HU

//signed//

From: Kilah S. White
Assistant Inspector General for Audit, Office of Inspector General, GA

Subject: HUD's FHA Appraiser Roster is Generally Reliable but Opportunities to Improve Data Management Exist

Attached is the U.S. Department of Housing and Urban Development (HUD), Office of Inspector General's (OIG) final results of our audit of HUD's management of its Federal Housing Administration (FHA) appraiser roster.

HUD Handbook 2000.06, REV-4, sets specific timeframes for management decisions on recommended corrective actions. For each recommendation without a management decision, please respond and provide status reports in accordance with the HUD Handbook. Please furnish us copies of any correspondence or directives issued because of the audit.

The Inspector General Act, as amended, requires that OIG post its reports on the OIG website. Accordingly, this report will be posted at <https://www.hudoig.gov>.

If you have any questions or comments about this report, please do not hesitate to call Kimberly S. Dahl, Audit Director, at (202) 617-6886.

Highlights

HUD's FHA Appraiser Roster is Generally Reliable but Opportunities to Improve Data Management Exist | 2024-NY-0001

What We Audited and Why

We audited HUD's management of its FHA appraiser roster to determine whether the roster was accurate and reliable. We selected this review because a prior audit identified weaknesses related to roster oversight and because this topic aligns with HUD's strategic goals related to promoting home ownership and strengthening its internal capacity, as well as increased interest in the appraisal process.

What We Found

HUD's FHA appraiser roster was generally reliable. HUD's system controls prevented ineligible appraisers from being assigned appraisals on FHA-insured properties. Though it did not affect the assignment of appraisals, HUD could improve its data management by timely removing ineligible appraisers with expired licenses or disciplinary actions within specified timeframes, and better maintain historical information and supporting documentation. Additionally, HUD's processes, policies, procedures, and regulations for maintaining the appraiser roster did not consistently align, were not clear, or were undocumented. HUD had begun to make several system enhancements to address the concerns identified, and it should continue to improve its guidance and data management to help ensure the integrity of the roster.

What We Recommend

We recommend that HUD (1) update policies and procedures for appraiser roster management so that they align with each other and with regulations and HUD practice; (2) maintain historical appraiser roster data; and (3) improve quality assurance processes by adding steps to verify that the appraiser roster is accurate and reliable over time.

Table of Contents

Background and Objective	1
Results of Audit.....	3
HUD’s FHA Appraiser Roster is Generally Reliable but Opportunities to Improve Data Management Exist	3
Scope and Methodology	8
Appendixes	12
Appendix A – Auditee Comments and OIG’s Evaluation	12
Appendix B – Portions of Key Appraiser Roster Guidance.....	15

Background and Objective

FHA, a part of HUD, provides mortgage insurance on loans made by FHA-approved lenders throughout the United States and its territories. This insurance protects lenders against losses as a result of homeowners' defaulting on their mortgage loans. The lenders bear less risk because FHA will pay a claim to the lender in the event of a homeowner default. To protect FHA's insurance funds from unnecessary risk, loans must meet certain requirements established by FHA to qualify for insurance. One of these requirements is that an appraisal of the property be completed during origination.


The appraisal process provides lenders with information necessary to determine whether a property meets the minimum requirements and eligibility standards for an FHA-insured mortgage and will serve as adequate security for it. Although lenders bear primary responsibility for determining eligibility and the sufficiency of collateral, the appraiser provides preliminary verification that the property is acceptable and sufficiently valued, which the lender uses to comply with loan-to-value requirements. Lenders must use appraisers on HUD's FHA appraiser roster to perform the required appraisals on properties that will serve as security for FHA-insured single family mortgages. For placement on the appraiser roster, the appraiser must

- be a state-certified residential or general appraiser with credentials based on the minimum criteria issued by the Appraiser Qualifications Board of the Appraisal Foundation;
- not be suspended, debarred, or otherwise excluded;
- not be listed on HUD's Limited Denial of Participation (LDP) list or Credit Alert Verification Reporting System (CAIVRS) or be subject to any current loss of standing or suspension as a certified appraiser in any state;
- meet competency requirements, including being knowledgeable of the Uniform Standards of Professional Appraisal Practice, FHA appraisal requirements, and the market where the assignment is located; and
- be on the Appraisal Subcommittee's (ASC) national registry.

The ASC oversees the real estate appraisal regulatory framework for federally related transactions. It is a subcommittee of the Federal Financial Institutions Examination Council. The ASC was established by Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, which became law on August 9, 1989. The ASC oversees state appraiser and appraisal management company regulatory programs to protect Federal financial and public policy interests in real estate appraisals used in federally related transactions. As part of this activity, the ASC's website contains the appraiser national registry, which lists certified and licensed appraisers who are authorized by a state to perform appraisals in connection with federally related transactions. The ASC also conducts state compliance reviews every 2 years.

The appraiser roster is managed by HUD's Office of Single Family Housing's Home Valuation Policy Division (HVPD). The roster is contained in HUD's Computerized Homes Underwriting Management System and accessed through FHA Connection (FHAC).¹ HVPD handles updates to the roster including renewals and removals, which are based on daily reports provided to HUD by the ASC. Many of the processes to update the roster have been automated in the last 20 years, including the daily comparison

¹ HUD's Single Family Data Warehouse also includes some data for currently and previously approved appraisers.



of ASC and HUD data, roster removals, external checks for suspended and debarred appraisers, appraiser roster applications, and appraisal reviews. However, while HUD receives daily updates from ASC, it may take up to a month for appraiser records to be updated on the ASC national registry because states are only required to provide updates at least once a month. As part of its roster management, HUD's Office of Single Family Housing's Homeownership Centers are responsible for conducting quarterly quality control reviews of appraisals completed for FHA-insured mortgages. These reviews are focused on monitoring appraisal quality and HUD's Electronic Appraisal Delivery system and do not emphasize the accuracy and eligibility of the appraiser roster.

HUD's appraiser roster contains all previously approved appraisers who had not been removed over time, including appraisers who are eligible to be assigned to conduct appraisals as well as those who are ineligible, such as those with expired licenses and unresolved disciplinary actions. While HUD keeps ineligible appraisers on its roster, system controls are designed to prevent them from being assigned appraisals on FHA-insured properties. For example, lenders using appraisers on HUD's appraiser roster to perform the required appraisals on properties will not see appraisers HUD deemed ineligible when searching the roster. These controls further sort the appraisers on its roster into subcategories using logic, such as "active and ineligible due to a sanction" for those with unresolved disciplinary actions.

The objective of the audit was to determine whether HUD's FHA appraiser roster was accurate and reliable.

Results of Audit

HUD's FHA Appraiser Roster is Generally Reliable but Opportunities to Improve Data Management Exist

HUD's FHA appraiser roster was generally reliable. HUD's system controls prevented ineligible appraisers from being assigned appraisals on FHA-insured properties. Though it did not affect the assignment of appraisals, HUD could improve its data management by timely removing ineligible appraisers with expired licenses or disciplinary actions within specified timeframes, and better maintain historical information and supporting documentation. Additionally, HUD's processes, policies, procedures, and regulations for maintaining the appraiser roster did not consistently align, were not clear, or were undocumented. HUD had begun to make several system enhancements to address the concerns identified, and it should continue to improve its guidance and data management to help ensure the integrity of the roster.

HUD's FHA Appraiser Roster Generally Included Reliable Data

We selected and reviewed three statistical samples of appraiser records in the universe of 40,755 appraiser records from HUD's appraiser roster as of September 2, 2022, which was provided by HUD's Office of Single Family Housing.² Review of these samples included testing whether appraiser records provided by HUD matched the information listed on the ASC national registry. We found that HUD's data for 163 of the 174 sampled appraisers were materially accurate. While license expiration years shown in HUD's data for the remaining 11 sampled appraisers did not match the ASC national registry information, 9 of the discrepancies appeared to be explainable timing issues.³

Opportunities for Improvement in Appraiser Roster Data Management

HUD's appraiser roster system relied on its underlying logic-based controls to prevent appraisers with licenses that had been expired for longer than established timeframes and those with unresolved disciplinary actions from conducting appraisals of FHA-insured properties. However, HUD did not have (1) adequate ongoing testing to determine whether these controls continued to function properly or (2) data fields that captured those appraisers who were deemed ineligible by the controls. We also noted some instances where HUD could improve its data management of the appraiser roster, to include: (1) inclusion of ineligible appraisers beyond established timeframes, (2) lack of historical eligibility data, and (3) maintenance of key documentation supporting eligibility data for appraisers.

² HUD clarified that the appraiser roster data provided in September 2022 included all appraisers who had not been removed and had at least one active license, but the data included both those who could be assigned to appraisals and those who could not. HUD used logic-based system controls in its appraiser roster to prevent ineligible appraisers from being allowed to conduct appraisals on FHA-insured properties.

³ Information on the ASC national registry for some of the nine appraisers appeared to be updated after HUD pulled data for this audit but before we searched the ASC website. For the others, while information on the ASC national registry appeared to be updated in error by a state at one time, the expiration years in HUD's data aligned with the more recent expiration dates shown on the state's website. Accordingly, we consider the discrepancies related to these nine appraisers to be explainable.

HUD Did Not Remove Ineligible Appraisers from Its Roster Within Established Timelines

HUD’s appraiser roster included appraisers who could be assigned to appraisals as well as those who could not, such as appraisers with expired licenses and unresolved disciplinary actions. While HUD kept ineligible appraisers on its roster, system controls prevented them from being assigned appraisals on FHA-insured properties. The controls further sorted the appraisers on its roster into subcategories using logic, such as “active and ineligible due to a sanction” for those with unresolved disciplinary actions who were ineligible to be assigned to conduct appraisals. While HUD indicated that it removed appraisers within certain timeframes when they had expired licenses and unresolved disciplinary actions, its data showed that these removals were not always timely.

Expired Licenses. HUD regulations and guidance allowed it to automatically remove any appraiser whose state license had expired.⁴ HUD explained that its practice was to allow appraisers to be assigned to appraisals for up to 30 days after the license expiration date contained in its systems to allow time for license renewal processing,⁵ and said that it automatically removed appraisers from its appraiser roster once their last license had been expired for 6 months.⁶ Data from HUD’s Single Family Data Warehouse showed that it did not remove 1,151 of 4,217 appraisers (or 27 percent) who had expired licenses for more than 6 months between September 2019 and August 2022.⁷

Time between license expiration and appraiser removal	Count	Percentage of total
6-12 months	963	83.7%
1-3 years	68	5.9%
> 3 years	120	10.4%
Total	1,151	100.0%

Disciplinary Actions. HUD regulations and guidance allow it to remove appraisers who have unresolved disciplinary actions.⁸ HUD periodically reviews work performed by appraisers to ensure compliance with FHA requirements and can take various actions when it identifies deficiencies. For example, when it identifies serious deficiencies that could indicate a competency issue, HUD can propose remedial education. For more significant deficiencies, or when appraisers fail to complete remedial education within 60 days, HUD can propose removal of the appraiser for cause, which requires them to provide appraisers with written notice of the reasons for removal and give them 20 days to appeal before the removal is effective. HUD’s

⁴ 24 CFR 200.204(a) and (c), and HUD Handbook 4000.1(I)(B)(1)(d) and (V)(E)(5)(e)(i)

⁵ As discussed on page 2, it may take up to a month for appraiser records to be updated on the ASC national registry if states submit updates once a month. This includes updates to appraiser license expiration dates.

⁶ Appraisers can hold active licenses in multiple states, which often have different expiration dates.

⁷ To allow for differences in the length of months, we considered a removal to have taken place more than 6 months after expiration if the difference was more than 190 days.

⁸ 24 CFR 200.204(a), and HUD Handbook 4000.1(V)(E)(5)(e)(i)

appraiser roster provided as of September 2022 included 201 appraisers who were shown as being under disciplinary action with 184 of these appearing to have been past both the 60-day and 20-day periods.⁹

Time since discipline imposed	Count	Percentage of total
81-365 days	38	20.7%
1-3 years	46	25.0%
> 3 years	100	54.3%
Total	184	100.0%

Guidance Did Not Always Align or Was Inadequate

These issues occurred because HUD’s processes, policies, procedures, and regulations for appraiser roster management did not always align, were not clear, or were undocumented. For example,

- HUD did not have written guidance for its staff or appraisers covering its processes for handling and removing appraisers with expired licenses and unresolved disciplinary actions.
- HUD’s internal and public-facing guidance for handling disciplinary action arising from HUD reviews of appraiser work did not align. For example, while HUD’s 2016 Desktop Guide to the FHA Appraiser Review Process discussed education as a sanction, HUD Handbook 4000.1 stated that education was not a sanction, although failure to complete it within 60 days could result in HUD escalating to administrative sanctions such as removal.

HUD's System Did Not Contain Historical Eligibility Data

HUD’s systems did not have historical data of appraiser roster statuses, which would have allowed HUD to look back to evaluate reliability over time and identify issues that needed to be addressed. For example, historical data would have helped HUD verify whether appraisers were removed or reinstated in error and research the eligibility of appraisers as of a past date when needed. The roster functioned mostly as a point-in-time dataset, which limited its usefulness to HUD for monitoring and assessing whether its controls were effective so that only eligible appraisers were able to conduct appraisals and for investigating inconsistencies.

In response to this audit, HUD explored several system enhancements that could improve its efforts to manage appraiser eligibility. First, the Office of Single Family Housing implemented system enhancements to retain a history log of activity going forward. This log maintains a history of events related to each license, including date added, expiration date, reinstatement date, updated date, and update details. This change should provide a transparent view into any gaps of the license that would trigger an upload error. Second, the Office of Single Family Housing had an enhancement pending approval that would create a monthly report of all unresolved education disciplinary actions so that monitoring could ensure that actions were closed out or escalated properly. Further, HUD was exploring an additional system enhancement that would initiate removal from the appraiser roster if an appraiser

⁹ While some appraisers may have appealed the proposed action, which could justify them remaining on the roster, HUD’s data did not allow us to easily determine this.

who was ineligible due to a sanction had not requested reinstatement in a timely manner. As of the end of our review, discussions between HUD’s Office of Single Family Housing and Office of the Chief Information Officer (OCIO) were ongoing, and HUD was considering multiple restructuring options to more clearly distinguish the status of appraiser eligibility for assignments. HUD would transition unresolved disciplinary actions to an archived status after a reasonable period, but these changes might require modifications across policy, procedures, and technology. If HUD continues to improve its guidance and data management, it would help ensure the integrity of the roster.

HUD Did Not Always Retain Key Appraiser Eligibility Documentation

HUD’s records did not always include key documentation to support data on appraiser eligibility as defined by 24 CFR 200.202-204 and HUD Handbook 4000.1(l)(B)(1)(c). In our review of 174 statistically sampled appraiser records, we identified 1 or more instances of missing eligibility documentation for 107 different appraisers. This documentation included appraiser roster applications, licenses, education certificates for resolving disciplinary action, and evidence of checks for appraisers on the System of Award Management (SAM) list, HUD’s LDP list, or HUD’s CAIVRS when required by system controls.¹⁰ Based on the statistical samples, we estimate that HUD was missing eligibility documents for at least 38 percent of the 40,755 appraiser records included in the universe of HUD’s appraiser roster as of September 2022.¹¹

HUD’s guidance lists the requirements for appraiser roster eligibility, including being state-certified and on the ASC national registry, not being suspended or debarred, and meeting competency requirements, but it did not clearly articulate what documentation would be maintained for renewals, reinstatements, and disciplinary actions. HUD explained that its system did not allow it to maintain current licenses at appraiser renewal and that it required only the current license at initial application to be maintained. Further, HUD noted that it did not implement electronic appraiser applications until 2008. Of the 107 appraisers, 85 were initially placed on the roster before 2008, which made it more difficult for HUD to maintain some of the missing documentation.

In response to this audit, HUD stated that it would explore a system entry to capture when excluded party checks were resolved by staff or collect screenshots for documentation of the search for excluded parties. As of the end of our review, discussions between HUD’s Office of Single Family Housing and OCIO were ongoing, and HUD was exploring the potential to capture data from source systems (SAM, LDP, CAIVRS) on FHAC screens for comparison along with a “receipt” when possible matches from the excluded parties were resolved by staff. Further, during our review, the Office of Single Family Housing implemented a system improvement to allow approved staff to upload documents to the license and application files throughout an appraiser’s time on the roster, which was not previously allowed. The system will record such uploads in the appraiser roster history and archive previous license files. If HUD continues to improve its guidance and records and data management, it will help ensure the integrity of the roster.

Conclusion

Overall, HUD’s appraiser roster was generally reliable. HUD has some opportunities to improve data management to continue ensuring integrity of the roster. Specifically, HUD did not remove some

¹⁰ HUD’s appraiser roster system performed automatic checks using appraiser names against SAM, LDP, and CAIVRS that would notify HUD and require a manual check by HUD staff if flagged.

¹¹ See the Scope and Methodology section of this report for additional detail on sample reviews.

ineligible appraisers within established timelines, did not always maintain key documentation related to appraiser eligibility, and had some minor accuracy concerns in the underlying data. While HUD had begun to make several system enhancements, it should continue to improve its guidance and records and data management to address the concerns identified. Doing so would help ensure the roster's data reliability and accuracy.

Recommendations

We recommend that the Deputy Assistant Secretary for Single Family Housing

1A. Update relevant policies and procedures for appraiser roster management so that they align with each other and with regulations and reflect HUD practice. At a minimum, the policies and procedures should clearly cover appraiser roster status, license expiration, disciplinary actions, removals, data accuracy, and documentation.

1B. Maintain historical data for each appraiser record, including history on expiration dates, when appraisers are moved on or off the appraiser roster and when they are and are not allowed to be assigned to conduct appraisals.

1C. Improve quality assurance processes by adding steps to verify that the appraiser roster is accurate and reliable over time through testing of its logic-based system controls and data fields.

Scope and Methodology

We performed the audit work between January and December 2023. We conducted our fieldwork offsite for this audit. Our audit generally covered the period September 2019 to August 2022 but was extended to review appraiser data from September 2022 and December 2023, as well as information through March 2024 about appraiser roster system enhancements implemented or planned by HUD's Office of Single Family Housing.

To accomplish our objective, we

- reviewed applicable laws, regulations, OMB circulars, HUD handbooks, policies, procedures, quality control plans, and any other relevant documentation related to the appraiser roster and HUD's oversight of it;
- interviewed key HUD officials within its Office of Single Family Housing, including HVPD, and HUD's software contractor to obtain a better understanding of the appraiser roster, related systems, and HUD's oversight of the roster and to follow up on preliminary observations and findings from our review of HUD's appraiser roster;
- reviewed ASC information, including the national registry and relevant daily update files provided to HUD, to obtain an understanding of its role and responsibilities in maintaining a national registry of state-certified and -licensed appraisers who are eligible to perform appraisals in federally related transactions;
- interviewed ASC officials to obtain an understanding of the ASC national registry, role and responsibilities, and effect on HUD's appraiser roster;
- reviewed HUD's quality control and monitoring reports related to its appraiser roster for our review period;
- analyzed HUD's appraiser roster data from its Computerized Homes Underwriting Management System and Single Family Data Warehouse; and
- selected and reviewed statistical samples of appraiser records, including supporting eligibility documentation, from HUD's appraiser roster and Single Family Data Warehouse to test the accuracy of the data and eligibility of the appraisers.

We selected and reviewed three statistical samples of appraiser records from HUD's appraiser roster as of September 2, 2022, which was provided by HUD's Office of Single Family Housing.¹² Review of these sample records included testing whether appraiser information, such as addresses and license expiration dates, matched the information listed on the ASC national registry and whether HUD had maintained all key eligibility documents. The appraiser roster universe consisted of 40,755 appraiser records, and the 3 samples were identified as follows:

- **Sample A - expired licenses** - We selected a statistical sample of 55 appraiser records from a universe of 289 appraiser IDs on the appraiser roster with license expiration dates before

¹² HUD clarified that the appraiser roster data provided in September 2022 included all appraisers who had not been removed and had at least one active license, but the data included both those who could be assigned to appraisals and those who could not. HUD used logic-based system controls in its appraiser roster to prevent ineligible appraisers from being allowed to conduct appraisals on FHA-insured properties.

September 2, 2022, but no dates showing removal from the roster according to information from HUD's Single Family Data Warehouse. These appraisers all fell within HUD's 30-day grace period for being able to conduct appraisals with an expired license.

- We found that in 34 of 55 records reviewed, HUD's appraiser roster files had missing key eligibility documentation. This amounts to a weighted average of 61.82 percent of the sample. Deducting the statistical variance to accommodate for the uncertainties inherent in statistical sampling, we can still say, with a one-sided confidence interval of 95 percent, that this amounts to at least 51.86 percent of the records in the targeted universe having this same characteristic. Extending this percentage to the total targeted universe count of 289 appraisers results in at least 149 appraisers' meeting this condition, and it could be more.
- We found that in 49 of 55 records reviewed, HUD's data were materially accurate. While license expiration years shown in HUD's data for the remaining six sampled appraisers did not match the ASC national registry information, five of the discrepancies appeared to be explainable timing issues. Specifically, while information on the ASC national registry appeared to be updated in error by a state at one time, the expiration years in HUD's data aligned with the more recent expiration dates shown on the state's website.
- **Sample B - disciplinary action** - We selected a statistical sample of 51 appraiser records from a universe of 201 appraiser IDs that were included on the appraiser roster and were under disciplinary action on that date according to information from HUD's Single Family Data Warehouse. According to HUD, these appraisers were unable to be assigned to and conduct appraisals based on system controls in its appraiser roster data that were designed to prevent ineligible appraisers from being allowed to conduct appraisals on FHA-insured properties.
 - We found that in 40 of 51 records reviewed, HUD's appraiser roster files had missing key eligibility documentation. This amounts to a weighted average of 78.43 percent of the sample. Deducting the statistical variance to accommodate for the uncertainties inherent in statistical sampling, we can still say, with a one-sided confidence interval of 95 percent, that this amounts to at least 70.01 percent of the records in the targeted universe having this same characteristic. Extending this percentage to the total targeted universe count of 201 appraisers results in at least 140 appraisers' meeting this condition, and it could be more.
 - We found that in 49 of 51 records reviewed, HUD's data were materially accurate. While license expiration years shown in HUD's data for the remaining two sampled appraisers did not match the ASC national registry information, the discrepancies appeared to be explainable timing issues. Specifically, information on the ASC national registry for these appraisers appeared to be updated after HUD pulled data for this audit but before we searched the ASC website.
- **Sample C - remaining roster records** - We selected a statistical sample of 68 appraiser records from the remaining 40,265 appraiser IDs included on the appraiser roster that did not meet the criteria of the 2 samples above.
 - We found that in 33 of 68 records reviewed, HUD's appraiser roster files had missing key eligibility documentation. This amounts to a weighted average of 48.53 percent of the sample. Deducting the statistical variance to accommodate for the uncertainties inherent in statistical sampling, we can still say, with a one-sided confidence interval of

95 percent, that this amounts to at least 38.35 percent of the records in the targeted universe having this same characteristic. Extending this percentage to the total targeted universe count of 40,265 appraisers results in at least 15,443 appraisers' meeting this condition, and it could be more.

- We found that in 65 of 68 records reviewed, HUD's data were materially accurate. While license expiration years shown in HUD's data for the remaining three sampled appraisers did not match the ASC national registry information, two of the discrepancies appeared to be explainable timing issues. Specifically, while information on the ASC national registry appeared to be updated in error by a state at one time, the expiration years in HUD's data aligned with the more recent expiration dates shown on the state's website.

The table below summarizes the documentation discrepancies identified during the sample reviews.

Sample	Universe size	Sample size	No manual external check support	No education support	No appraiser roster application	No initial license	Sampled appraisers with documentation discrepancies
A	289	55	5	0	31	16	34
B	201	51	2	5	38	23	40
C	40,265	68	3	0	33	25	33
Totals	40,755	174	10	5	102	64	107

The table below summarizes the data discrepancies identified during the sample reviews.

Sample	Universe size	Sample size	Sampled appraisers with license expiration year discrepancies that appear to be explainable timing issues	Sampled appraisers with other license expiration year discrepancies	Sampled appraisers with materially accurate data
A	289	55	5	1	49
B	201	51	2	0	49
C	40,265	68	2	1	65
Totals	40,755	174	9	2	163

We found the simple random sample sizes above to be the best sizes for providing meaningful audit results without an unnecessary risk of error. We calculated the sample size using the classic formula from Daniel and Terrell (1985)¹³ for estimating proportions under conditions with a finite population correction factor:

$$n = \frac{N z^2 p(1 - p)}{d^2 (N - 1) + z^2 p(1 - p)}$$

¹³ Wayne W. Daniel, James C. Terrell. Business Statistics. Houghton Mifflin, Company, 1995

We estimated the sample size in consideration of the following parameters:

- z = the z-score used to set the outer bounds (1.645)
- p = the theoretical rate of error (50%)
- d = the desired precision or acceptable error in the sample (plus or minus 10%)
- N = total universe records
- n = sample size, as calculated

We computed the percentage and number of counts of records with exceptions based on the sampling results and extended this result to the population using the `surveyfreq`¹⁴ procedure provided by SAS®.¹⁵ We estimated the lower confidence interval using a Gaussian¹⁶ sampling distribution, which is appropriate for error rates in this range. We extended these percentages to the records in the universes to get the total universe count of these records.

The basic estimation calculations are as follows:

$$Count_{LCL} = N * (pct - t_{\alpha/2} SE\%)$$

- $Count_{LCL}$ = total number of sampling units with the error after deducting a margin of error
- N = total number of sampling units in the sampling frame
- pct = weighted percent of sampling units with the error in the sampling frame
- $SE\%$ = standard error per unit, as applies to projecting proportions
- $t_{\alpha/2}$ = student's - t for projecting a one-sided confidence interval for a sample of this size

We assessed the reliability of computer-processed data and determined that the data were sufficiently reliable to achieve our audit objective. We obtained an understanding of HUD's internal controls relevant to the audit objective. Specifically, we reviewed HUD's controls related to the appraiser roster and ensuring that the data in the roster were accurate and contained only eligible appraisers. We also assessed the relevant internal controls to the extent necessary to determine whether HUD removed appraisers with expired licenses from the roster in a timely manner.

We conducted the audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective(s). We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

¹⁴ The `surveyfreq` procedure produces one-way to n-way frequency and crosstabulation tables from sample survey data. These tables include estimates of population totals, population proportions, and their standard errors. Confidence limits, coefficients of variation, and design effects are also available. The procedure provides a variety of options to customize the table display. Please reference [The SURVEYFREQ Procedure \(sas.com\)](https://www.sas.com/doccenter/procinfo/sasproc/surveyfreq.html) for more information.

¹⁵ SAS (previously "Statistical Analysis System") is a statistical software suite developed by SAS Institute for data management, advanced analytics, multivariate analysis, business intelligence, criminal investigation, and predictive analytics.

¹⁶ In statistics, a normal distribution, or "Gaussian" distribution, is a type of continuous probability distribution for a real-valued random variable.

Appendixes

Appendix A – Auditee Comments and OIG’s Evaluation

Ref to OIG Evaluation – Auditee Comments

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

OFFICE OF HOUSING

7/19/2024

MEMORANDUM TO: Kilah S. White, Assistant Inspector General for Audit, GA

FROM:

DocuSigned by:
Sarah Edelman
67F03C0A17834A3
Sarah J. Edelman, Deputy Assistant Secretary for Single
Family Housing, HU

SUBJECT: Discussion and Comments on Draft Audit: HUD’s FHA Appraiser Roster is Generally Reliable but Opportunities to Improve Data Management Exist *OIG Audit Report Number: 2024-NY-XXXX*

The Office of Inspector General (OIG) has audited the U.S. Department of Housing and Urban Development’s (HUD) management of its Federal Housing Administration (FHA) appraiser roster. The audit objective was to determine whether HUD’s FHA appraiser roster was accurate and reliable. The OIG selected this review because a prior audit identified weaknesses related to roster oversight and because this topic aligns with HUD’s strategic goals related to promoting home ownership and strengthening its internal capacity, as well as increased interest in the appraisal process. The OIG provided a draft audit report to the Office of Single Family Housing (Single Family) for comment.

Single Family concurs with the recommendations and appreciates the thoughtful recognition of actions already taken to improve appraiser roster data management.

Below, we provide comments to the OIG’s recommendations on page 7 of the draft audit report.

1. Recommendation 1A - Update relevant policies and procedures for appraiser roster management so that they align with each other and with regulations and reflect HUD practice. At a minimum, the policies and procedures should clearly cover appraiser roster status, license expiration, disciplinary actions, removals, data accuracy, and documentation.

- a. Single Family is undertaking a review of all appraiser roster management relevant policies and processes to ensure alignment with regulations and HUD practice. A draft mortgagee letter is underway to modify SF Handbook 4000.1 to more clearly distinguish appraiser roster eligibility.

2. Recommendation 1B – Maintain historical data for each appraiser record, including history on expiration dates, when appraisers are moved on or off the appraiser roster and when they are and are not allowed to be assigned to conduct appraisals.

- a. Single Family has recently implemented changes to maintain a historical record of changes to each of the appraisers’ license(s). Additional history to retain changes to the appraisers roster information is pending development.
- b. FHA Connection (FHAC) *F17-2022-00050 Implemented on 3/10/2023*

Comment 1 >

Comment 2 >

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Ref to OIG Evaluation – Auditee Comments

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Comment 2 >

- i. Provide the date and State for which the appraiser's license was added into the database.
 - ii. For each event include the license expiration date.
 - iii. Provide the date and State for which the appraiser's license was reinstated.
 - iv. Provide the date and State for which the appraiser's license was updated, reason for update, or update change.
 - v. Enable database to retain all comments entered in the COMMENTS section for historical use (sort in reverse chronological order), verify if the date stamp is system generated or user entered.
- c. FHAC **F17-2024-00009** Pending Development - Modify FHAC to create a historic record of the Roster Appraiser Information including the:
- i. Home Address (Street Address, City, State, and Zip Code);
 - ii. Mailing Address (Business Name, Street Address, City, State, and Zip Code);
 - iii. Contact Information (Phone number, Fax number, email address);
 - iv. Date of the change;
 - v. User ID of Staff who performed the change; and
 - vi. Comments included with the information change. If any address or contact information is changed, the system will require the user to enter comments before enabling the "Send" button.
- d. Single Family doesn't believe this will require additional funding. However, we are still exploring this with system contractors.

Comment 3 >

3. Recommendation 1C – Improve quality assurance processes by adding steps to verify that the appraiser roster is accurate and reliable over time through testing of its systems algorithms and data fields.

- a. Single Family requests that the language in Recommendation 1C be revised to the following: Recommendation 1C – *Improve quality assurance processes by adding steps to verify that the appraiser roster is accurate and reliable over time through testing of its logic-based system controls and data fields.*
- b. Single Family has begun implementation of periodic reporting to enhance and update the Internal Quality Control plan. We will explore with the systems contractors implementing more robust and recurring testing of system logic that controls processes related to appraiser eligibility, however, this may require additional funding.

Single Family will propose and submit a Management Decision to respond to the audit recommendations after the issuance of the final audit report. Single Family will provide action plans and final action target dates in its Management Decision.

OIG Evaluation of Auditee Comments

- Comment 1 We recognize HUD’s commitment to managing the appraiser roster and ensuring that its policies and processes align with regulations and HUD practice. We look forward to working with HUD through the audit resolution process.
- Comment 2 We acknowledge HUD's recent and ongoing efforts to maintain historical data for each appraiser record. We look forward to working with HUD through the audit resolution process.
- Comment 3 HUD has provided us with a suggested change to the recommendation which we have incorporated. We acknowledge HUD’s ongoing and planned corrective actions and look forward to working with them through the audit resolution process.

Appendix B – Portions of Key Appraiser Roster Guidance

Code of Federal Regulations

24 CFR 200.200, What is the Appraiser Roster? (December 28, 1999)

(a) Appraiser Roster. HUD maintains a list of appraisers. A mortgagee [lender] must select only an appraiser from this list for the appraisal of a property that is to be the security for an FHA-insured single family mortgage.

(b) Disclaimer. Since an appraisal is performed to determine the maximum insurable mortgage and to also protect the FHA insurance funds, the inclusion of an appraiser on the Appraiser Roster does not create or imply a warranty or endorsement to a prospective homebuyer or to any other organization or individual by HUD of the listed appraiser nor does it represent a warranty of any appraisal performed by the listed appraiser. The inclusion of an appraiser on the Appraiser Roster means only that a listed appraiser has met the qualifications and conditions, prescribed by the Secretary, for inclusion on the Appraiser Roster.

24 CFR 200.202, How do I apply for placement on the Appraiser Roster? (November 23, 2011)

(a) Application. To apply for placement on the Appraiser Roster, you must submit an application to HUD.

(b) Eligibility. To be eligible for placement on the Appraiser Roster:

(1) You must be a state-certified appraiser with credentials that complied with the applicable certification criteria established by the Appraiser Qualification Board (AQB) of the Appraisal Foundation and in effect at the time the certification was awarded by the issuing jurisdiction; and

(2) You must not be listed on:

- (i) The General Services Administration's SAM List;
- (ii) HUD's LDP List; or
- (iii) HUD's CAIVRS.

24 CFR 200.204, What actions may HUD take against unsatisfactory appraisers on the Appraiser Roster? (November 23, 2011)

An unsatisfactory appraiser may be subject to removal, education requirements, or other actions, as follows:

(a) Removal from the Appraiser Roster. HUD officials, as designated by the Secretary, may at any time remove a listed appraiser from the Appraiser Roster for cause, in accordance with paragraphs (a)(1) through (a)(3) of this section.

(1) Cause for removal. Cause for removal includes, but is not limited to:

- (i) Significant deficiencies in appraisals, including non-compliance with Civil Rights requirements regarding appraisals;
- (ii) Losing standing as a state-certified appraiser due to disciplinary action in any state in which the appraiser is certified;
- (iii) Prosecution for committing, attempting to commit, or conspiring to commit fraud, misrepresentation, or any other offense that may reflect on the appraiser's character or integrity;
- (iv) Failure to perform appraisal functions in accordance with instructions and standards issued by HUD;
- (v) Failure to comply with any agreement made between the appraiser and HUD or with any certification made by the appraiser;
- (vi) Being issued a final debarment, suspension, or limited denial of participation;
- (vii) Failure to maintain eligibility requirements for placement on the Appraiser Roster as set forth under this subpart or any other instructions or standards issued by HUD; or,

- (viii) Failure to comply with HUD imposed education requirements under paragraph (d) of this section within the specified period for complying with such education requirements.
- (2) Procedure for removal. If you are a listed appraiser and HUD decides to remove you for cause from the Appraiser Roster, the following procedure applies to you unless you have been issued a final debarment, suspension, or limited denial of participation, in which case you are subject to paragraph (a)(3) of this section:
- (i) You will be given written notice of your proposed removal. The notice will include the reasons for your proposed removal and the duration of your proposed removal.
 - (ii) You will have 20 days from the date of your notice of proposed removal to submit a written response appealing the proposed removal and to request a conference. A request for a conference must be in writing and must be submitted along with a written response.
 - (iii) Within 30 days of receiving your written response, or if you have requested a conference, within 30 days after the completion of your conference, a HUD official, designated by the Secretary, will review your appeal and will send you a final decision either affirming, modifying, or canceling your removal from the Appraiser Roster. HUD may extend this time upon giving you notice. The HUD official designated by the Secretary to review your appeal will not be someone involved in HUD's initial removal decision nor will it be someone who reports to a person involved in that initial decision.
 - (iv) If you do not submit a written response, your removal will be effective 20 days after the date of HUD's initial removal notice. If you submit a written response, and the removal decision is affirmed or modified, your removal or modification will be effective on the date of HUD's notice affirming or modifying the initial removal decision.
- (3) Automatic removal for issuance of final debarment, suspension, or limited denial of participation. If you are a listed appraiser and you have been issued a final debarment, a suspension, or a limited denial of participation, the provisions of paragraph (a)(2) of this section do not apply to you, and you will be automatically removed from the Appraiser Roster.
- (b) Reinstatement. If an appraiser who has been removed from the Roster wants to be reinstated on the Roster, the appraiser must follow the procedures and requirements contained in this subpart for placement on the Roster. Before an appraiser is eligible to reapply for placement on the Roster, the appraiser shall comply with the terms of any applicable remedial training education requirements, and the time period for the appraiser's removal from the Roster shall have expired.
- (c) Automatic suspension from Appraiser Roster —
- (1) Appraisers subject to state disciplinary action. An appraiser whose state certification in any state has been revoked, suspended, or surrendered as a result of a state disciplinary action is automatically suspended from the Appraiser Roster and prohibited from conducting FHA appraisals in any state until HUD receives evidence demonstrating that the state-imposed sanction has been lifted.
 - (2) Expirations not due to state disciplinary action. An appraiser whose certification in a state has expired is automatically suspended from the Appraiser Roster in that state and may not conduct FHA appraisals in that state until HUD receives evidence that demonstrates renewal, but may continue to perform FHA appraisals in other states in which the appraiser is certified.
- (d) Education requirements. Where there is evidence that an appraiser is deficient in FHA appraisal requirements, HUD may require an appraiser to undergo professional training.
- (e) Other action. Nothing in this section prohibits HUD from taking any other action against an appraiser, as provided under 2 CFR part 2424, or from seeking any other remedy against an appraiser, available to HUD by statute or otherwise.

24 CFR 200.206 What are my responsibilities as an appraiser listed on the Appraiser Roster? (November 23, 2011)

All appraisers listed on the Appraiser Roster are responsible for:

- (a) Obtaining and reading the HUD Appraiser Handbook (4150.2) and any updates to the Handbook;¹⁷
- (b) Complying with the HUD Appraiser Handbook (4150.2), and any updates to the Handbook, when performing all appraisals of properties for HUD single family mortgage insurance purposes; and
- (c) Complying with all other instructions and standards issued by HUD when performing all appraisals of properties for HUD single family mortgage insurance purposes.

FHA Single Family Housing Policy Handbook

HUD Handbook 4000.1(I)(B)(1)(b), Standard (September 14, 2015)

FHA maintains a list of qualified appraisers on the FHA appraiser roster. Only an appraiser on the FHA appraiser roster and the ASC's national registry may be selected by the mortgagee to conduct an appraisal for FHA-insured financing.

HUD Handbook 4000.1(I)(B)(1)(c)(i)(A), General Requirements (September 14, 2015)

For placement on the FHA Appraiser Roster, the appraiser must: be a state-certified residential or state-certified general appraiser with credentials based on the minimum licensing/certification criteria issued by the AQB; not suspended, debarred, or otherwise excluded; and not be listed on HUD's LDP list, HUD's CAIVRS, or subject to any current loss of standing or suspension as a certified appraiser in any state.

HUD Handbook 4000.1(I)(B)(1)(c)(iii), Processing of Application (September 14, 2015)

FHA will review all completed applications for approval to determine if the appraiser complies with all eligibility requirements. If the appraiser does not submit a completed application, FHA may deny approval on this basis.

HUD Handbook 4000.1(I)(B)(1)(c)(iv), Application Approval (September 14, 2015)

If FHA approves the appraiser's application, the Appraiser's name will appear on the FHA Appraiser Roster.

HUD Handbook 4000.1(I)(B)(1)(d), FHA Appraiser Roster: Renewal (September 14, 2015)

The appraiser should renew expiring licenses at least 45 days prior to expiration in order for state records to process the renewal to the ASC national registry. Failure to renew in a timely manner may result in removal from the roster.

HUD Handbook 4000.1(V)(D)(1), Appraisers (March, 27, 2019)

FHA may perform periodic reviews of the work performed by FHA Roster Appraisers to ensure compliance with FHA requirements. FHA Roster Appraisers must provide any additional information requested by FHA to assist in properly evaluating the work performed.

HUD Handbook 4000.1(V)(E)(5)(e)(i), Appraisers (September 30, 2016)

(A) Notice of Deficiency

(1) Standard

A Notice of Deficiency (NOD) refers to a formal notification from FHA to an Appraiser when a review identifies an error or lack of compliance. An NOD is not a sanction and is not considered severe enough to require remedial education or removal.

An NOD is noted on the Appraiser's record and multiple NODs may result in further action by FHA.

¹⁷ HUD Handbook 4150.2 was superseded by HUD Handbook 4000.1.

(2) Cause

An Appraiser may receive an NOD if an FHA review has determined gaps in due diligence and professionalism or errors or noncompliance.

(3) Notice

FHA will provide the Appraiser with written notice outlining deficiencies found in a specific appraisal.

(4) Appeal

An NOD is not a sanction and no appeal is available.

(B) Remedial Education

(1) Standard

FHA may require an Appraiser to take remedial education on appraisal-related topics for failure to comply with the requirements outlined in this Handbook 4000.1.

The Appraiser must complete remedial education within 60 Days of the date of notification and provide proof of successful completion. Failure to comply with a remedial education action may result in escalation of the action to an administrative sanction, including removal from the FHA Appraiser Roster.

(2) Cause

Cause for remedial education includes, but is not limited to, identification of more serious deficiencies in the appraisal report that indicate lack of competence, including incomplete data collection or support for analysis and conclusions.

(3) Notice

FHA will provide the Appraiser with written notice of the required remedial education that identifies the ground for the requirement.

(4) Appeal

Remedial education is not a sanction and no appeal is available.

(C) Removal

(1) Standard

FHA may remove an Appraiser from the FHA Appraiser Roster for failure to comply with the requirements outlined in this Handbook 4000.1. The Appraiser may be required to take remedial education in addition to the removal.

FHA will notify the state licensing or certification agency in writing when an Appraiser has received a final notice of removal from the FHA Appraiser Roster. HUD is required by law to refer Appraisers to these boards if HUD considers the actions to be of such magnitude or frequency as to warrant such referral.

(2) Causes

Causes for removal include, but are not limited to, any of the following:

- significant deficiencies in appraisals, including noncompliance with Civil Rights requirements regarding appraisals;
- losing standing as a state-certified Appraiser due to disciplinary action in any state in which the Appraiser is certified;
- prosecution for committing, attempting to commit, or conspiring to commit fraud, misrepresentation, or any other offense that may reflect on the Appraiser's character or integrity;
- failure to perform appraisal functions in accordance with instructions and standards issued by HUD;
- failure to comply with any agreement made between the Appraiser and HUD or with any certification made by the Appraiser;

- issuance of a final debarment, suspension, or limited denial of participation;
- failure to maintain eligibility requirements for placement on the Appraiser Roster as set forth under this subpart or any other instructions or standards issued by HUD; or
- failure to comply with HUD-imposed education requirements.

(3) Notice

An Appraiser that is debarred, suspended, subject to a limited denial of participation or has lost standing as a state-certified Appraiser due to disciplinary action or expiration of a state certification, will be automatically removed from the FHA Appraiser Roster and notified of the removal.

In all other cases, the Appraiser will be given written notice of the proposed removal, and the notice will include the reasons for the proposed removal and the duration of the proposed removal.

(4) Appeal

The Appraiser will have 20 Days from the date of the notice of removal to submit a written response appealing the proposed removal and to request a conference. A request for a conference must be in writing and must be submitted along with a written response.

Within 30 Days of FHA's receipt of the Appraiser's written response, or if the Appraiser has requested a conference, within 30 Days after the completion of the conference, an FHA official, designated by the Secretary, will review the appeal and will send a final decision either affirming, modifying, or canceling the removal from the Appraiser Roster. FHA may extend this time upon giving notice. The FHA official designated by the Secretary to review the appeal will not be someone involved in FHA's initial removal decision nor will it be someone who reports to a person involved in that initial decision.

If the Appraiser does not submit a written response, the removal will be effective 20 Days after the date of FHA's initial removal notice. If the Appraiser submits a written response, and the removal decision is affirmed or modified, the removal or modification will be effective on the date of FHA's notice affirming or modifying the initial removal decision.

(5) Duration

Removal from the FHA Appraiser Roster may be for a period of up to 12 months.

If removal is the result of expiration or a disciplinary action by the licensing state, removal from the FHA Appraiser Roster will remain in effect until the appraisal credentials are reinstated by the issuing state.

Office of Single Family Housing Appraiser Roster Standard Operating Procedure (May 21, 2020)

Other Procedures for Processing Online Initial/Renewal Applications

What to do if the ASC national registry website reflects a later expiration date than the expiration date that is displayed on the application in FHAC.

In this scenario, the roster team would proceed with approving the application with the license expiration date that is showing in FHAC. Make a note of the appraiser's name and license number. Then go back into FHAC and update the appraiser's record with the latest expiration date.

Procedure: Instructions for Processing Online Appraiser Initial/Renewal Applications

Verify the entire Form HUD-92563a is included in the uploaded file. Verify the Form HUD-92563a is signed and dated by the applicant.

Instructions for Terminating an Appraiser in FHAC¹⁸

Appraisers are terminated from the Roster if they: (1) are no longer in good standing with FHA due to a disciplinary action/sanction; (2) no longer meet eligibility requirements; or (3) retire from conducting FHA appraisals.

Instructions for Processing Reinstatements

An appraiser who was previously on the Roster but terminated because their state issued certification expired must request reinstatement. Appraisers cannot be reinstated until all checks have been made to ensure the reason for termination has been cleared. Appraisers submit requests for reinstatements to the FHA Resource Center via: answers@hud.gov. An updated PDF copy of the appraiser's state issued certification should be attached. The FHA Resource Center will forward the request via CRM [Client Relationship Management] Tool to the roster team in HVPD. The roster team will review and process the appraiser's request and then reply to the appraiser via CRM Tool. Also, the roster team may receive requests from HUD Homeownership Centers (HOCs) seeking assistance with reinstating an appraiser to the Roster due to a sanction that has been lifted, or an expired license.

Procedure: Instructions for Processing Reinstatements

If the reason for termination has not been cleared, notify the appraiser via CRM Tool that the roster team cannot process their request until the open disciplinary action/sanction has been cleared.

Note: Appraisers that were terminated because they were sanctioned in one state may not perform FHA appraisals in any other state until the sanction is lifted.

Instructions for Updating an Appraiser's Information in FHAC

At times, the roster team may receive requests from the FHA Resource Center via CRM Tool from appraisers seeking assistance with updating their appraisal license information in FHAC. Updates occur when an appraiser is adding a new license, updating their license expiration date, or when changing the certification type, personal/business address or email address, telephone number, and/or name.

Desktop Guide to the FHA Appraiser Review Process (August 18, 2016)

1.5 Scoring

The scoring process has been simplified. The form requires the reviewer to rate each question based upon alignment with the five types of actions (which include three sanctions):

- No Action
- Notice of deficiency (NOD)
- Education
- Removal
- Removal with education
- Potentially critical issue affecting eligibility or indicating potential fraud

Currently, a NOD is not a sanction as noted in SF [Single Family] Handbook 4000.1 issued September 14, 2015. NOD is an action that does not rise to the level of a sanction requiring remedial education or removal. However, an NOD is noted on the Appraiser's record and multiple NODs may result in further action by FHA.

¹⁸ HUD uses "termination" when referring to the removal of an appraiser from the appraiser roster in FHAC.

4.5 Action and Appeal Process

The HOCs may impose five different actions based on the scoring and rating methodology. These actions are Removal, Removal w/ Education, Education, Notice of Deficiency (NOD) and No Action Taken. Any written notification of the proposed action must include the reasons for the action and the duration of the proposed action.

If the proposed action is education, removal w/ education or removal, the appraiser has 20 days from the date of the notice to submit a written response appealing or to request a conference. If a conference was requested, within 30 days after completion of the conference, the appeal official will send a final letter affirming, modifying or canceling the proposed sanction.

4.7 Sample Action/Sanction Letters

This training shall occur after the date of this letter and must be completed within 90 days of the date of this letter.

You were required to complete the remedial education within ninety (90) days of the date of that letter and notify us in writing of satisfactory completion.

Other

HUD Website – FHA Roster Appraisers (https://www.hud.gov/program_offices/housing/sfh/appr)

FHA Roster Appraisers observe, analyze, and report a property's physical and economic characteristics and provide an opinion of value to FHA. An Appraiser's observation is limited to readily observable conditions and is not as comprehensive an inspection as one performed by a licensed home inspector.

This page offers several resources for prospective and existing FHA Roster Appraisers.

Eligibility Requirements

Only appraisers who meet the eligibility criteria listed below may apply as new applicants to the FHA roster. To be eligible as a new applicant or to be eligible for reinstatement, you must:

- be a state-certified appraiser with credentials based on the minimum certification criteria issued by the AQB.
- not be listed on SAM, LDP, or CAIVRS.

If you are a new applicant, you must apply online by uploading the application and your certification in PDF format.

Applicant Instructions

Before you begin the process:

- Applications must be submitted online.
- If you were previously on the roster at any time, you will not be able to apply again as a “new” applicant. Your application will be rejected. You may qualify for reinstatement.
- You must be able to fill-in and print the application form HUD-92563-A from FHAC, sign it, scan it and save it in PDF format. PDF is the only acceptable file format.
- In addition to the application, you must also have your current paper state-issued certification scanned and saved in PDF format to upload in the required area of FHAC.

Your Responsibilities

Appraisers listed on the FHA roster must have in-depth knowledge of and remain up to date on policies and procedures for conducting FHA appraisals.

- Keep your contact information updated. In addition to technical know-how, you have certain administrative responsibilities including keeping your personal and business information up to

date via FHAC. If FHA wants to contact you, your current email address, mailing address and phone number are vital. Remember to review them regularly.

Establish a User ID

Before you can establish a User ID in FHAC to maintain your information, your name must be listed on the Roster with an active status BEFORE you apply for a user ID.

If your email and mailing addresses have changed since you applied to the roster, you must ask FHA to update your record before establishing a User ID. Please send your correct information to answers@hud.gov and put "Updates" in the subject line. Briefly explain that you need your information corrected on your record so that you may establish a User ID.

Update Your Information

In addition to technical know-how, to maintain status on the FHA roster, you have certain administrative responsibilities including keeping your personal and business information up to date via the FHA Connection.

To update your personal or business information once you have an FHAC user ID:

- Go to the FHA Connection at: <https://entp.hud.gov/clas/>
- Enter your FHAC "User ID" when asked for your "User Name" and then enter your password and click Sign on
- Select ID Maintenance from the menu bar at the top of the page
- Click Appraiser Roster
- Change your information as needed and
- Click Send

After updating, you will be allowed to attach the PDF version of your state-issued certification, if it is needed. The ability to upload a scanned copy only appears if you change the expiration date, or if you add a state certification that is not already listed. You do not need to upload a certificate if your information already matches the ASC.

Only new appraisers are able to attach the PDF version of a state-issued certification.

Renew Your Credentials

Before you begin the process:

- Make sure that the certification expiration date is accurate. If the certification renewal number and expiration date are updated, it is not necessary to submit a scanned copy of the certification.
- If the expiration date is not accurate (current), this means the state has not reported the information to the ASC yet. The roster will not accept an update until your state provides verification of the current state-issued certification to the ASC. For information on when the state will provide the updated information to the ASC, please contact your state appraiser regulatory agency or check the state reporting listing on the ASC website.

Request Reinstatement

Your record can be placed in a terminated status under the following circumstances:

- Your only state certification expired.
- A state issued a sanction and you cannot be reinstated until the sanction is lifted.
- A record was found in one of the sanctions lists and you must have the record cleared by the sanctioning party or HUD imposed a disciplinary action as a result of a review.

If you were terminated because your state issued certification expired and you meet the eligibility requirements, email a PDF copy of your state issued certification to answers@hud.gov and type "Request for Reinstatement" in the subject line. The request may take up to three weeks to process.

Appraisers List – Field Descriptions (<https://entp.hud.gov/sfohlp/f17aplfdhlp.html>) (August 6, 2008)

License/Expiration Date - Includes four elements: 1) Identifier for the FHA-approved appraiser; includes the appraiser's state license number preceded by the two-character state code. Example: NY123456. Alternatively, a six-character identifier with a CH prefix provided by HUD's origination system for an FHA-approved appraiser with unavailable state license information. 2) The type of appraiser license associated with the license number, i.e., Licensed, Certified General, Certified Residential. 3) The license expiration date, mm/dd/yyyy. 4) An FHA-certification expired notation (appears only for expired licenses). Note: A 30-day grace period exists following the expiration date in which an appraiser with an expired license can still be assigned during Case Number Assignment.