

**TO: All FHA-Approved Mortgagees  
All Direct Endorsement Underwriters  
All FHA Roster Appraisers  
All HUD-Approved Housing Counselors  
All Other Interested Stakeholders in FHA Transactions**

## NEWS AND UPDATES

### Reminder: Changes to Appraisal Submission and Assessment for Home Equity Conversion Mortgage Originations – Full Automation

Today, the Federal Housing Administration (FHA) announced that effective tomorrow, Friday, November 30, 2018, the protocols that had been in place on an interim basis for the HECM second appraisal requirement will become fully automated. The automation of the second appraisal protocols were first announced in [FHA INFO 18-41](#), dated September 28<sup>th</sup>, which announced the publication of [Mortgagee Letter 18-06](#), “Home Equity Conversion Mortgage (HECM) Program – Changes to Appraisal Submission and Assessment for all HECM Originations.”

FHA is communicating the following reminder for appraisal logging guidance, along with the effective date for the automation of the HECM second appraisal protocols. For additional information, refer to the Fully-Automated Protocols outlined on page five of Mortgagee Letter 18-06.

- All appraisals logged in FHA Connection (FHAC) through today, Thursday, November 29, 2018, will continue to be processed using the Interim Protocols as described in Mortgagee Letter 18-06. The Interim Protocols must be followed on these cases throughout the entire process.
- Initial appraisals logged in FHAC for the first time, beginning tomorrow, Friday, November 30<sup>th</sup> and thereafter, will be processed under the Fully-Automated Protocols as described in Mortgagee Letter 18-06. The new protocol is effective even if the initial appraisal was uploaded into the Electronic Appraisal Delivery (EAD) system prior to Friday, November 30<sup>th</sup>, but not logged in FHAC until November 30<sup>th</sup>, or thereafter.
- For appraisals processed under the Fully-Automated Protocols (initial appraisal logged in FHAC November 30, 2018, and thereafter), once the appraisal logging is completed, the lender will immediately receive one of the following messages on the FHAC Logging Screen:

**A: SECOND APPRAISAL IS NOT REQUIRED**

**B: PROPERTY SUBJECT TO HECM APPRAISAL RULE SECOND APPRAISAL REQUIRED** (see Fully-Automated Protocols in Mortgagee Letter 18-06)

Depending on the message received, the lender should proceed accordingly. No further action is required if message A is received. However, if message B is received, the lender must obtain and upload a second appraisal into the Appraisal Slot 2 position.

- When a second appraisal is needed under the Fully-Automated Protocols, it must always be uploaded into the EAD in Appraisal Slot 2, regardless if the new value is equal to, more than, or

less than the initial appraisal. FHAC will automatically calculate the lowest value to be used for insuring.

- Under no circumstances should a second appraisal be uploaded into the EAD in Appraisal Slot 1; it must be uploaded into Appraisal Slot 2.

For questions or additional information about FHA's new automated appraisal logging procedures for HECMs, contact the [FHA Resource Center](#).

### Quick Links

- View the FHA INFO Announcement Archives at:  
[https://www.hud.gov/program\\_offices/housing/sfh/FHA\\_info\\_messages](https://www.hud.gov/program_offices/housing/sfh/FHA_info_messages)
- View all current and past Mortgagee Letters at:  
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- Access the FHA Resource Center at:  
[https://www.hud.gov/program\\_offices/housing/sfh/fharesourcectr](https://www.hud.gov/program_offices/housing/sfh/fharesourcectr)

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### **Resources**

Contact the FHA Resource Center:

- Visit our online knowledge base to obtain answers to frequently asked questions 24/7 at:  
[www.hud.gov/answers](http://www.hud.gov/answers).
- E-mail the FHA Resource Center at: [answers@hud.gov](mailto:answers@hud.gov). Emails and phone messages will be responded to during normal hours of operation, 8:00 AM to 8:00 PM (Eastern), Monday through Friday on all non-Federal holidays.
- Call 1-800-CALLFHA (1-800-225-5342). Persons with hearing or speech impairments may reach this number by calling the Federal Relay Service at 1-800-877-8339.

<b>FHA INFO Archives:</b>	Visit the <a href="#">FHA INFO Archives</a> to access FHA INFO messages issued from 2012 to the present.						
<b>Subscribe/Unsubscribe Instructions:</b>	To subscribe to the Single Family FHA INFO mailing list you can use this link: <a href="#">FHA INFO</a> or send a request by email to: <a href="mailto:answers@hud.gov">answers@hud.gov</a> Bulk subscriptions: To sign up your entire office or a large group, send the list of email addresses (in the format below) to: <a href="mailto:answers@hud.gov">answers@hud.gov</a> <a href="mailto:aaa@xyz.com">aaa@xyz.com</a> <a href="mailto:bbb@xyz.com">bbb@xyz.com</a> <a href="mailto:ccc@xyz.com">ccc@xyz.com</a> <a href="#">To Unsubscribe</a> follow the unsubscribe instructions on that page.						
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