



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

ASSISTANT SECRETARY FOR HOUSING-  
FEDERAL HOUSING COMMISSIONER

**November 18, 2009**

**MORTGAGEE LETTER 2009-48**

**TO: ALL APPROVED MORTGAGEES  
ALL FHA ROSTER APPRAISERS**

**SUBJECT: Second Appraisal Reporting Requirements**

This mortgagee letter modifies FHA's requirements for second appraisals, eliminating the need for a second appraisal on high balance loans in declining markets. This change is effective immediately.

Rescind Mortgagee Letter 2008-09

Mortgagee Letter 2008-09, Second Appraisal Requirements, is rescinded in its entirety, eliminating the previous policy requiring a second appraisal to be performed for loans that exceed \$417,000 secured by properties located in declining markets.

Rescind Second Appraisal Portion of Mortgagee Letter 2009-08

Elimination of the second appraisal requirement extends to cash-out refinance transactions as well, as described in Mortgagee Letter 2009-08, Limits on Cash-Out Refinances. FHA will no longer require a second appraisal to be performed when the mortgage amount for cash-out refinance exceeds \$417,000 and is secured by a property located in a declining market.

Retain Second Appraisal under Mortgagee Letter 2006-14

FHA will retain the second appraisal policy described in Mortgagee Letter 2006-14, Property Flipping Prohibition Amendment. This policy requires a second appraisal when a property is resold between 91 and 180 days following acquisition by the seller, if the resale price is 100 percent (or more) higher than the price paid by the seller when the property was acquired. The lender must obtain a second appraisal from another appraiser and the cost of the second appraisal may not be charged to the homebuyer.

For example, if a property is resold for \$80,000 within six months of the seller's acquisition of that property for \$40,000, the mortgage lender must obtain a second independent appraisal supporting the \$80,000 sales price. The mortgage lender may also provide documentation showing the costs and extent of rehabilitation that went into the property as support for the increased value but must still obtain the second appraisal.

The second independent appraisal must be completed by a FHA roster appraiser selected by the lender that is underwriting the mortgage. The lender is not to request a second case number through FHA Connection.

If you should have any questions concerning this Mortgagee Letter, call 1-800-CALLFHA. Persons with hearing or speech impairments may access this number via TDD/TTY by calling 1-877-TDD-2HUD (1-877-833-2483).

Sincerely,

David H. Stevens  
Assistant Secretary for Housing-  
Federal Housing Commissioner