



OFFICE OF SINGLE FAMILY HOUSING
FEDERAL HOUSING ADMINISTRATION



**FHA APPRAISAL REVIEW AND RECONSIDERATION OF VALUE (ROV) UPDATES WEBINAR
 QUESTIONS AND ANSWERS**

Item	Question	Answer	References	Topic Group
1.	When must the Borrower receive the ROV disclosure?	The Mortgagee must provide the ROV disclosure at mortgage loan application and upon delivery of the appraisal report.	Handbook 4000.1 II.A.3.a.ix.(A) and II.B.4.a.ii.(H)(1) https://www.hud.gov/program_offices/administration/hudclips/handbooks/hsggh	Disclosure
2.	Can the initial disclosure be issued by a mortgage broker who is not a Mortgagee?	The Mortgagee must provide or ensure the Borrower is provided with any disclosure required by FHA.	Handbook 4000.1, II.A.1.a.ii.(A) and II.B.4.a.ii.(H)(1) https://www.hud.gov/program_offices/administration/hudclips/handbooks/hsggh	Disclosure
3.	Does FHA require that the disclosures sent to the Borrower at application and at time of appraisal receipt be signed by the Borrower?	The Mortgagee must provide or ensure the Borrower is provided with any disclosure required by FHA. A Borrower signature is not required by FHA on the Mortgagee's disclosure of the process for submitting the Borrower-initiated ROV request. However, the Mortgagee must include evidence of these required disclosures within the case binder.	Handbook 4000.1, II.A.3.a.ix(A) and II.B.4.a.ii.(H)(1) https://www.hud.gov/program_offices/administration/hudclips/handbooks/hsggh	Disclosure
4.	Are there sample ROV disclosures for lenders to use for the Borrower-Initiated ROV process?	FHA does not have sample ROV disclosures but sets minimum requirements for the content of the disclosures. At a minimum, the Mortgagee's Borrower-initiated ROV process must provide an easy-to-understand disclosure at mortgage loan application and upon delivery of the appraisal report to the Borrower with instructions that explain the Borrower-initiated ROV process, the expected ROV processing times, and the process for requesting clarifications or corrections unrelated to the value conclusion. The disclosure must specify the process for submitting the ROV request, what information will be required from a Borrower, and any limitations on the information allowed, including: <ul style="list-style-type: none"> • up to five alternative comparable sales for consideration; and 	Handbook 4000.1, II.A.3.a.ix(A) and II.B.4.a.ii.(H)(1) https://www.hud.gov/program_offices/administration/hudclips/handbooks/hsggh	Disclosure



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		<ul style="list-style-type: none"> only one Borrower-initiated ROV request is permitted per appraisal. 		
5.	Is it a requirement by FHA that only the DE Underwriter can review the appraisal report for the Mortgagee?	The Direct Endorsement (DE) underwriter is ultimately responsible to review the appraisal and make an underwriting decision to accept the appraisal on behalf of the Mortgagee in compliance with FHA requirements. However, Mortgagees and the underwriter may supplement the underwriter with technical assistance in the performance of their review.	Handbook 4000.1 II.A.1.a.iii(B)(6)(c) and II.A.5.d https://www.hud.gov/program_of_fices/administration/hudclips/handbooks/hsg	Appraisal Review
6.	Could communication with the Appraiser be viewed as improper influence (and a breach of Appraiser independence rules) when there are suggested comps that could be utilized resulting in a higher value but have not been used?	Normal communications necessary for processing a case is permissible but cannot attempt to influence the Appraiser in violation of Safeguards for Appraiser Independence. The underwriter who has responsibility for the quality of the appraisal report is allowed to request clarifications and discuss with the Appraiser components of the appraisal that influence its quality. This includes additional, appropriate property information, including the consideration of additional comparable properties. The underwriter may request a clarification or reconsideration of value from the Appraiser.	Handbook 4000.1 II.A.1.a.iii(B)(9), II.A.1.b.iv(C)(1) and II.A.1.b.v(B) https://www.hud.gov/program_of_fices/administration/hudclips/handbooks/hsg	Communication
7.	As part of the Reconsideration of Value process, must all written and verbal communication be retained and what types of communication must be documented? Does communication with an Appraisal Management Company (AMC) need to be saved within the case binder?	All <u>written</u> ROV related communication associated with an ROV must be retained in the FHA case binder. This includes all <u>written</u> communication among the Mortgagee, the Borrower, the Appraiser, and any other parties involved in the ROV process. This applies to all written ROV related communication with the AMC.	Handbook 4000.1 II.A.3.a.ix https://www.hud.gov/program_of_fices/administration/hudclips/handbooks/hsg	Documentation



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8.	Where should the Mortgagee document the ROV communication? Because this is a Borrower-Initiated ROV, is the Appraiser required to include and/or comment on all documents sent over for review?	<p>All ROV documentation (excluding the revised appraisal which must be uploaded to the Appraisal Logging screen in FHA Connection (FHAC)) and all written communication associated with the ROV process must be placed among the <i>Property Related Documents</i> in the <i>Assembly of Case Binder for Electronic Submission</i> through e-case submission through FHAC or through FHA Catalyst Case Binder Module.</p> <p>The Appraiser must:</p> <ul style="list-style-type: none"> • review all information and market data received from the underwriter; and • summarize the analysis of <u>all information provided</u> by the underwriter within a revised version of the appraisal report regardless of whether the Appraiser determines that changes are not needed to address the issues identified in the ROV. 	<p>Handbook 4000.1 II.A.3.a.vi and II.D.2.e https://www.hud.gov/program_of_fices/administration/hudclips/handbooks/hsg</p>	Documentation
9.	Will FHA be updating the Case Binder Checklist?	<p>The <i>Assembly of Case Binder for Electronic Submission</i> section of Handbook 4000.1 will be updated to add a line item under <i>Property Related Documents</i> for uploading documentation and written communication associated with the Borrower-initiated ROV process. This update will be announced through a future Handbook update. In the interim, Mortgagees are encouraged to assemble the ROV documentation and written communications in this section.</p>	<p>Handbook 4000.1, II.A.7.d.(ii) https://www.hud.gov/program_of_fices/administration/hudclips/handbooks/hsg</p>	Documentation
10.	Can FHA share what new fields are coming to FHAC for the ROV process?	<p>The Insurance Application Screen (Forward mortgages) and the HECM Insurance Application screen in FHA Connection (FHAC) will be modified to collect information regarding the Mortgagee’s receipt of a Borrower’s request for Review of the Appraisal Results.</p> <p>The FHAC Guide has been updated and is available on the portal homepage. The FHAC Guide has detailed instructions for the Borrower Request for Appraisal Review Information Section available</p>	<p>SFH FHA INFO 2024-43.pdf (hud.gov)</p>	FHA Connection



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		<ul style="list-style-type: none"> on page 20 of Endorsing a Single Family FHA Case for forward mortgages; and on page 17 of Endorsing a HECM Case for reverse mortgages. 		
11.	If the underwriter determines the ROV request is not warranted, what should be selected as the response to the first question on the Insurance Application Screen – Yes or No?	Yes. When a request for ROV is received from the Borrower, regardless of the outcome, the Mortgagee must select "Yes" in response to the first question on the Insurance Application screen, indicating and acknowledging that the Borrower submitted a request for review of the appraisal results.	SFH FHA INFO 2024-43.pdf (hud.gov)	FHA Connection
12.	Is the underwriter required to complete the data in the insurance application screen when a Borrower requests an ROV?	FHA requires the Mortgagee to complete the required data fields on the Insurance Application Screen in FHA Connection (FHAC), and Mortgagees may continue to follow their existing internal workflow process for completing this Screen.	SFH FHA INFO 2024-43.pdf (hud.gov)	FHA Connection
13.	Will the ROV Yes/No dropdown field in FHA Connection (FHAC) default to No or will it be blank?	The first of three ROV related data fields that will be turned on in FHAC requires a selection of Yes or No from the drop-down list on the Insurance Application Screen. The data field will default to blank, and the user must select Yes or No to continue completing the Insurance Application screen. The other two data fields are conditionally required only when Yes is selected in the first data field.	SFH FHA INFO 2024-43.pdf (hud.gov)	FHA Connection
14.	Does the underwriter log the appraisal in the Electronic Appraisal Delivery (EAD) portal or FHA Connection (FHAC) only after the Appraiser reviews the ROV?	FHA's EAD portal supports uploading of all versions of an appraisal, including the initial and resubmissions. Any version of the appraisal loaded into FHAC from EAD may be logged as the appraisal of record for case processing. FHAC logging may precede an ROV request; however, the Appraiser's response to an ROV must be uploaded and logged in FHAC.	Handbook 4000.1, II.A.3.a.ix https://www.hud.gov/program_of_fices/administration/hudclips/handbooks/hsg	FHA Connection



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15.	When the original Mortgagee transfers an appraisal with a processed ROV, is the second Mortgagee required to obtain and retain all the required ROV documentation?	The Mortgagee seeking endorsement of the case is responsible for completing the Insurance Application screen in FHA Connection (FHAC), including providing the required ROV information and applicable supporting documentation. Where a case transfer includes an appraisal for which a Borrower-initiated ROV was processed, the second Mortgagee is responsible for obtaining and retaining in the case binder, all written communication and documentation associated with the ROV request.	Handbook 4000.1 II.A.1.a.iii(B)(8) https://www.hud.gov/program_of_fices/administration/hudclips/handbooks/hsgh	Transfers
16.	If a lender declines a loan based on the appraisal, and after that decision is communicated to the Borrower, the Borrower initiates an ROV request, does the lender have any obligation to entertain such a request?	<p>FHA requires the Mortgagee to establish an appeal process that includes steps for the Borrower to receive a copy of the appraisal report and request an ROV when the Borrower believes the appraisal report is inaccurate or deficient. The Mortgagee must provide an easy-to-understand disclosure at mortgage loan application and upon delivery of the appraisal report to the Borrower with instructions that explain the Borrower-initiated ROV process.</p> <p>FHA requires that the resolution of the ROV must be completed prior to loan closing.</p> <p>The underwriter must thoroughly assess all Borrower-initiated ROV requests to determine the applicability of an ROV and the relevance and appropriateness of information before communicating with the Appraiser. The Mortgagee is responsible for confirming the Borrower-initiated ROV complies with all general ROV requirements before submission to the Appraiser.</p>	Handbook 4000.1 II.A.3.a.xi https://www.hud.gov/program_of_fices/administration/hudclips/handbooks/hsgh	Process



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17.	We've had training on discriminatory language and training on appraisal reviews, but not on how to handle a Borrower initiated ROV. While this training went over the basics of ROVs, it did not provide insight as to how we would determine a ROV request is warranted. Do we need to make policy changes and maybe even process changes to meet the new policy?	<p>The FHA requirement to have a Borrower-initiated process is new and may require lender process changes and training on that process. The Mortgagee is responsible for ensuring that the underwriter is trained to identify appraisal deficiencies, including prohibited discriminatory practices, through the appraisal review process. The underwriter must thoroughly assess all Borrower-initiated ROV requests to determine the applicability of an ROV and the relevance and appropriateness of information before communicating with the Appraiser.</p> <p>FHA does provide underwriter training through various mechanisms, including online and in-person training sessions, and these policies will be incorporated into that training. Upcoming single family housing events and training resources can be found at: https://www.hud.gov/program_offices/housing/sfh/events</p>	<p>Handbook 4000.1 II.A.3.a.xi https://www.hud.gov/program_of_fices/administration/hudclips/handbooks/hsgh</p>	Training
18.	Will there be an in-person training for Appraisers?	<p>The Homeownership Centers provide training on a regular basis. The best way to be informed about FHA Single Family Housing is by subscribing to FHA INFO, Single Family Housing's Industry News email, which provides news including policy announcements, Mortgagee Letters, Federal Register notices, Single Family Housing Handbook updates, training, educational offerings, and job opportunities.</p> <p>Subscribe to the FHA INFO email list. After you submit your information, you will receive a welcome email confirming your subscription. You can modify your subscription preferences or unsubscribe at any time.</p>	<p>https://www.hud.gov/program_of_fices/housing/sfh/events</p> <p>https://public.govdelivery.com/accounts/USHUDFHA/subscriber/new?qsp=USHUDFHA_4</p>	Training



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19.	Have Appraisers been educated on the ROV requirements?	A Reconsideration of Value (ROV) is not new to Direct Endorsement (DE) Underwriters and FHA Roster Appraisers. Prior to the publication of ML 2024-07, all ROV requests were initiated by the DE Underwriter while underwriting the property and the communication was between the DE Underwriter and the Appraiser. The only new component of the ROV process introduced by ML 2024-07 is to include the option for a Borrower to initiate the ROV by submitting the request to the Mortgagee.		Training
20.	<p>If a Borrower requests an ROV, and the DE underwriter reviews the request, but determines it does NOT warrant submitting the ROV to the Appraiser.</p> <p>On the Insurance Application screen, will the “A Request for Review of Appraisal Results was received from the Borrower:” be answered “Yes” and then the basis answered and lastly in “How did the Mortgagee resolve the request? (select one):” be answered with the 1st option, “The Underwriter resolved without further action. Sufficient detail must be retained in the Case Binder.” Or, will the “A Request for Review of Appraisal Results was received from the Borrower:” be answered “No”?</p>	<p>Where a request for ROV was received from the Borrower, and the DE underwriter reviewed the request, but determines it does NOT warrant submitting the ROV to the Appraiser or taking any further action, the applicable questions on the Insurance Application Screen must be answered as follows:</p> <ul style="list-style-type: none"> ▪ A Request for Review of Appraisal Results was received from the Borrower: Select “Yes” ▪ How did the Mortgagee resolve the request? (select one): <input checked="" type="radio"/> <i>The Underwriter resolved without further action. Sufficient detail must be retained in the Case Binder.</i> <p>When this sub-bullet is checked, the DE Underwriter must include in the case binder, a detailed explanation of the analysis supporting the decision that an ROV is not warranted.</p>	<p>Handbook 4000.1 II.A.3.a.vi and II.A.3.a.ix https://www.hud.gov/program_of_fices/administration/hudclips/handbooks/hsgh</p>	General



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21.	Does the ROV process apply to Liquidation Appraisals?	No. This policy applies to appraisals obtained under the Origination section of Handbook 4000.1 as part of the mortgage underwriting process.		General
22.	If, after review of the Borrower-submitted data to support a ROV, the Underwriter determines that the Borrower-Initiated ROV request is not supported, must the underwriter document the file and communicate with the Borrower?	The Mortgagee must have protocols for communication with the Borrower, including for certain communications that must be in writing, such as for how to correct an incomplete ROV, updates on the status of the ROV request, and the results of the ROV. All documentation associated with an ROV must be retained in the case binder including all written communication among the Mortgagee, the Borrower, the Appraiser, and any other parties involved in the ROV process. If the Borrower-initiated ROV request is unclear, deficient, or requires additional information, the Mortgagee must remediate with the Borrower, as applicable.	Handbook 4000.1 II.A.3.a.ix https://www.hud.gov/program_offices/administration/hudclips/handbooks/hsg	General
23.	What options are available when the Mortgagee or the Appraiser receives an ROV that does not meet the minimum requirements?	The underwriter must thoroughly assess all Borrower-initiated ROV requests to determine the applicability of an ROV and the relevance and appropriateness of information before communicating with the Appraiser. If the Borrower-initiated ROV request is unclear, deficient or requires additional information, the DE Underwriter is required to remediate with the Borrower before submitting the request to the Appraiser. If the Appraiser receives an ROV request that does not meet the minimum requirements outlined in Handbook 4000.1, the Appraiser has the option of communicating the deficiency to the DE Underwriter.	Handbook 4000.1 . II.A.3.a.ix(A) and II.B.4.a.ii.(H)(1) https://www.hud.gov/program_offices/administration/hudclips/handbooks/hsg	General
24.	If the Appraiser charges an additional fee for the ROV, is the Mortgagee allowed to charge the additional fee to the Borrower?	No costs associated with an ROV may be charged to the Borrower.	Handbook 4000.1, II.A.3.a.ix and II.B.4.a.ii.(H) https://www.hud.gov/program_offices/administration/hudclips/handbooks/hsg	General



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25.	How many comparable sales can be submitted with a Borrower-initiated ROV request? After the ROV is completed can the Borrower request another ROV and submit additional comparable sales to be considered?	A Reconsideration of Value (ROV) refers to a request from the Mortgagee’s underwriter to the Appraiser to re-assess the appraisal report based upon information that may affect the value conclusion. The underwriter’s communication with the Appraiser must not include more than five alternative comparable sales. Only one Borrower-initiated ROV request is permitted per appraisal.	Handbook 4000.1, II.A.3.a.ix(A) and II.B.4.a.ii.(H) https://www.hud.gov/program_of_fices/administration/hudclips/handbooks/hsgh	General
26.	What should the Mortgagee include in the Quality Control plan for the ROV process?	Standards for the appraisal review and the Mortgagee’s ROV process must be clearly defined in the Mortgagee’s Quality Control (QC) Plan.	Handbook 4000.1, II.A.3.a.x https://www.hud.gov/program_of_fices/administration/hudclips/handbooks/hsgh	General
27.	If the Borrower initiates an ROV and the value comes in lower than the original appraisal, which appraisal is used for value? The first appraisal (original) or the second appraisal (requested ROV)?	The Appraiser’s response to the ROV must be included in a revised version of the appraisal, which must be logged in FHA Connection (FHAC). The last version of the appraisal logged in FHAC will be used to establish the appraised value for case processing.	Handbook 4000.1, II.A.3.a.ix https://www.hud.gov/program_of_fices/administration/hudclips/handbooks/hsgh	General
28.	Will the AMC deliver the appraisal to the Borrower when the appraisal is completed? Also, is the AMC responsible for delivering the ROV to the Borrower?	FHA requires the Mortgagee to establish an appeal process that includes steps for the Borrower to receive a copy of the appraisal report and request an ROV when the Borrower believes the appraisal report is inaccurate or deficient. FHA does not require the use of an Appraisal Management Company (AMC); however, the Mortgagee may engage an AMC to perform services related to the obtaining and processing of an appraisal. The Mortgagee remains responsible for the acts of its AMC or third-party contractors.	Handbook 4000.1, II.A.1.a.iii(B)(6)(c) and II.A.3.a.ix(A) https://www.hud.gov/program_of_fices/administration/hudclips/handbooks/hsgh	General
29.	Can the seller request an ROV or request the Borrower to initiate an ROV on their behalf?	FHA’s ROV policy is applicable to Mortgagees/Lenders, Borrowers, and FHA Roster Appraisers. An ROV request may be initiated by the Mortgagee’s DE Underwriter or by the Borrower. In either case, the DE Underwriter is responsible for submitting the request to and communicating with the Appraiser.	Handbook 4000.1, II.A.1.b.iv(C)(2) and II.A.3.a.ix(A) https://www.hud.gov/program_of_fices/administration/hudclips/handbooks/hsgh	General



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		The Mortgagee may not discuss the contents of an appraisal with anyone other than the Borrower; however, the Borrower and seller may communicate about the appraisal and a ROV.	files/administration/hudclips/handbooks/hsggh	
30.	If a Mortgagee has an appraisal desk with an experienced Appraiser, can they review the Borrower- initiated request or does it need to be a DE underwriter?	The DE Underwriter must thoroughly assess all Borrower-initiated ROV requests to determine the applicability of an ROV and the relevance and appropriateness of information before communicating with the Appraiser. Mortgagees and the underwriter may utilize technical assistance in the performance of that review and decision.	Handbook 4000.1, II.A.3.a.ix(A) https://www.hud.gov/program_of_files/administration/hudclips/handbooks/hsggh	General
31.	Once an ROV request is submitted, is the Borrower able to change their mind and cancel the ROV or is the lender required to complete the ROV process?	The Mortgagee’s ROV process may include protocols for the Borrower to withdraw a request that is incomplete or unprocessed.		General
32.	In ROV cases where the underwriter determines that the Appraiser has not addressed material deficiencies, can the underwriter communicate with the Appraiser and inform them that the Mortgagee will report them to the State Regulatory Agency?	When the underwriter considers the Appraiser unable to resolve material deficiencies due to the nature of the deficiency, they may forego communication with the Appraiser before obtaining a second appraisal. The Mortgagee must report Appraisers replaced due to material deficiencies to the applicable State Appraiser Regulatory Agency. The review process and all communication with the Appraiser must conform with the Safeguards for Appraiser Independence.	Handbook 4000.1, II.A.1.a.(iii)(B)(1)(6)(9)(a), II.A.1.a.iii(B)(6)(d) and II.B.2.a.iii(B)(10)(b) https://www.hud.gov/program_of_files/administration/hudclips/handbooks/hsggh	Second Appraisal
33.	If the Mortgagee orders a second appraisal, and the value is lower than the first appraisal, can the Mortgagee use the original appraisal report?	Once the DE underwriter’s determination is made to obtain a second appraisal due to material deficiencies, the Mortgagee can no longer utilize the first appraisal and must rely only on the second appraisal. The Mortgagee must fully document the deficiency and status of the appraisal in the mortgage file.	Handbook 4000.1, II.A.1.iii.(9)(a) https://www.hud.gov/program_of_files/administration/hudclips/handbooks/hsggh	Second Appraisal