

**To:** All Customers **From:** Credit Risk  
**Date:** 11/23/21 **Memo#:** 21158  
**Subject:** FHA Mortgage Letter 2021-27 – Appraisal Requirements

FHA announced [Mortgage Letter 2021-27](#), effective immediately. This Mortgagee Letter (ML) clarifies FHA's existing requirements for Appraisers and Mortgagees regarding compliance with Fair Housing laws related to the appraisal of properties that will serve as security for FHA-insured mortgages.

### **THIS MORTGAGEE LETTER**

- Updates Section I.B.1.d.i Appraisers Post-Approval Requirements to emphasize compliance with all applicable laws including the Fair Housing Act and all other federal, state, and local antidiscrimination laws.
- Adds clarifying language to Section II.A.3.a.v, Quality of Appraisal to emphasize the requirement for the Mortgagee to ensure the appraisal complies with all applicable laws including the Fair Housing Act and all other federal, state, and local antidiscrimination laws.
- Restructured Section II.D.2, General Appraiser Requirements into subsections to include and clarify guidance specific to Nondiscrimination Policy; and compliance with FHA guidelines and Appraiser Conduct.

### **COMPLIANCE WITH LAW**

The Appraiser's performance must comply with all applicable federal, state, and local laws, including the Fair Housing Act and other federal, state, or local antidiscrimination laws. The Appraiser must adhere to all state and local laws relating to appraisal, licensing, and certification requirements.

### **QUALITY OF APPRAISAL**

The Mortgagee must evaluate the appraisal and ensure it complies with the requirements in Valuation and Reporting Protocols, any additional appraisal requirements that are specific to the subject Property, and complies with all applicable federal, state, and local laws, including the Fair Housing Act and other federal, state, or local antidiscrimination laws.

### **APPRAISER CONDUCT**

The Appraiser must perform all FHA appraisal assignments in a competent, independent, impartial, and objective manner. The Appraiser must avoid practices that could affect the reliability of the appraisal report opinions and conclusions. In addition to compliance with USPAP, including the Competency Rule, the Appraiser must not:

- discriminate in developing any part of the appraisal or value conclusion based on characteristics that are protected by federal, state, or local laws;
- misrepresent the scope of work performed in the completion of the FHA appraisal; or
- develop or communicate an appraisal report to FHA that is knowingly misleading or fraudulent.

Please review the [Mortgage Letter 2021-27](#), in its entirety for complete clarifications regarding compliance with Fair Housing Laws related to the appraisal of properties.



## **CUSTOMER SUPPORT**

If you have any questions on the contents of this memo, contact [governmentuw@flagstar.com](mailto:governmentuw@flagstar.com).