



Bulletin 6/06

RE: HUD/FHA Title 1 appraisal requirements

To: All N.A.S. System Subscribers

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Appraisers Must Be Independent

The following is an excerpt from TI Newsletter, Volume VII, Issue 4 "Appraisers Must Be Independent" (dated 12/27/05):

Title I Letter 437, issued in January 1996, required that lenders use "independent fee appraisers" for manufactured housing appraisals. The letter also adds that an appraiser must not be in the business of manufactured home retail sales.

"Independent" appraisers do not have business dealings with the lender that are not appraisal work. For example, a lender should not use one of their employees that moonlights as an appraiser. Similarly, a lender should not use an appraiser that works for a business that sells goods or services to the lender. Ideally, neither the lender nor the appraiser should be in a position to put pressure on the other party for a desired outcome.

THIS BULLETIN IS EFFECTIVE IMMEDIATELY.