



All properties bought or refinanced with an FHA loan have to be appraised by a HUD-approved home appraiser. Since the Federal Housing Administration’s overhaul of its Single-Family Housing Policy Handbook the FHA is demanding a higher level of performance from appraisers.

The National Association of Realtors (NAR) is reporting that some feel that the recent changes to the FHA’s handbook on appraisals require appraisers to take on home inspection-type duties to ensure standards are met and that consumers can mistake the role of the appraisal for that of an inspection.

To help prepare the Illinois Coalition of Appraisal Professionals (ICAP) for its meeting with the NAR it prepared a [survey](#) for FHA Appraisers. With over 1,100 respondents, the results of the survey, conclusions and ICAP’s recommendations are as follows.

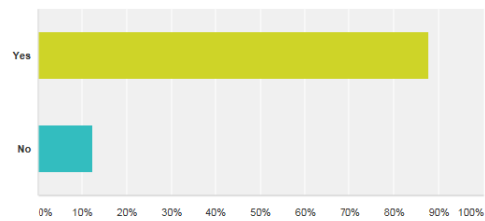
Thank you for providing your feedback.

Survey Results:

The survey was restricted to appraisers who are currently registered and performing FHA appraisals.

Are you registered as an approved HUD FHA appraiser and are you currently performing FHA appraisals?

Answered: 1,115 Skipped: 3



Answer Choices	Responses
Yes	87.71% 978
No	12.29% 137
Total	1,115

Survey Results:

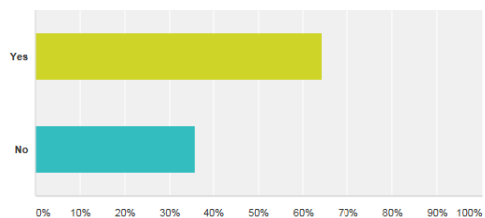
64% of respondents feel competent and qualified to perform FHA appraisals under the new requirements.

Conclusion: Most appraisers feel they are competent and qualified; to perform FHA appraisals under the new requirements.

ICAP’s Recommended Action: Provide and encourage additional training to raise the competency levels.

Do you feel you are competent and qualified to perform the new appraisal inspection and reporting requirements by FHA?

Answered: 884 Skipped: 234



Answer Choices	Responses
Yes	64.03% 566
No	35.97% 318
Total	884

Survey Results:

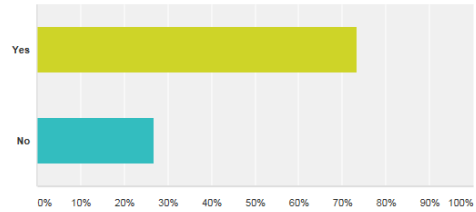
73% of respondents have attended a FHA Appraisal Report and Data Delivery Guide course covering the new guidelines.

Conclusion: Most appraisers have attended a FHA Appraisal Report and Data Delivery Guide course covering the new guidelines.

ICAP's Recommended Action: Renewed efforts to encourage 100% FHA appraiser attendance on a course covering the new guidelines. A series of videos or webinars should be developed and provided to appraisers.

Have you attended any courses regarding the new FHA Appraisal Report and Data Delivery Guide requirements?

Answered: 889 Skipped: 229



Answer Choices	Responses
Yes	73.23% 651
No	26.77% 238
Total	889

Survey Results:

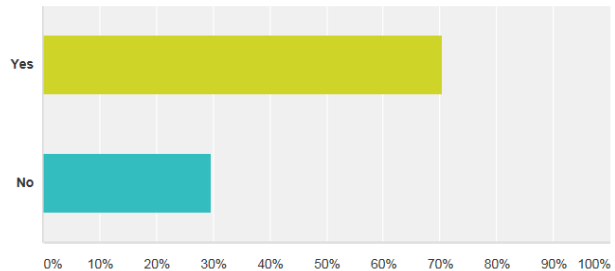
70% of the survey respondents find the new FHA Handbook requirements confusing.

Conclusion: A large percentage of FHA appraisers find the new requirements as described in the handbook confusing.

ICAP's Recommended Action: HUD needs to provide more detail and guidance on how to handle items that do not meet standards, possibly an exception in the FHA 203b repair escrow holdback loan program.

As an appraiser, do you find the new FHA Handbook requirements confusing?

Answered: 889 Skipped: 229



Answer Choices	Responses
Yes	70.30% 625
No	29.70% 264
Total	889

Survey Results:

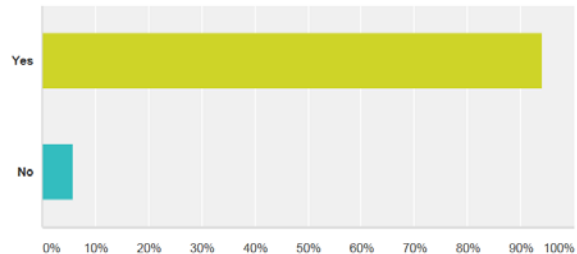
94% of the respondents are concerned the new FHA appraisal inspection and reporting requirements increase their liability.

Conclusion: Liability issues from potential damage and consumer misunderstanding between an appraisal and a home inspection are concerns to FHA appraisers.

ICAP's Recommended Action: More efforts should be made by HUD to inform the public on the difference between an FHA appraisal and a home inspection.

Are you concerned that the new FHA appraisal inspection and reporting requirements increase your liability?

Answered: 887 Skipped: 231



Answer Choices	Responses
Yes	94.14% 835
No	5.86% 52
Total	887

Survey Results:

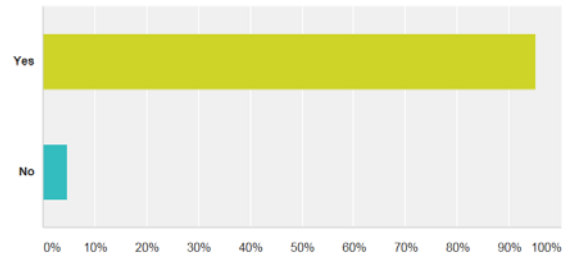
95% of the respondents indicate it takes longer to perform an FHA appraisal under the new guidelines.

Conclusion: Due to the increased scope of work caused by the new FHA guidelines has it taken longer to perform an FHA appraisal.

ICAP's Recommended Action: All participants connected to FHA appraisals would benefit from understanding the increased scope of work, responsibility and cost the new requirements add to the appraisal process.

Considering the increased scope of work due to the new FHA guidelines has it taken longer to perform an FHA appraisal?

Answered: 882 Skipped: 236



Answer Choices	Responses
Yes	95.24% 840
No	4.76% 42
Total	882

Survey Results:

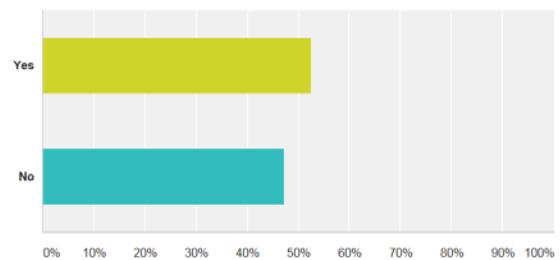
The scope of work has increased under the new FHA guidelines but only 52% of appraisers have increased their fees.

Conclusion: Appraisers are reluctant to increase their fees even though the scope of work has increased.

ICAP's Recommended Action: NAR should support appraiser's independence, and customary and reasonable fees, particularly when there is an increased scope of work such as in FHA assignments.

Considering the increased scope of work due to the new FHA guidelines have your appraisal fees increased?

Answered: 883 Skipped: 235



Answer Choices	Responses
Yes	52.66% 465
No	47.34% 418
Total	883

Survey Results:

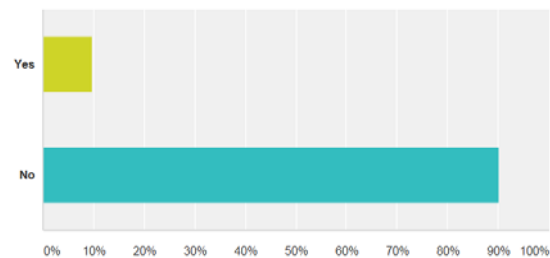
90% of the respondents do not believe the different roles of an appraiser and a home inspector are clearly defined and understandable to users of FHA appraisals.

Conclusion: The roles of the appraiser and the home inspectors are not clearly defined to all parties in the transaction.

ICAP's Recommended Action: It would benefit the users of FHA products and the public if HUD could provide educational tools to distinguish between the two professions.

Are the roles of the appraiser and the home inspector clearly defined, and understandable to all parties in the transaction?

Answered: 887 Skipped: 231



Answer Choices	Responses
Yes	9.81% 87
No	90.19% 800
Total	887

Survey Results:

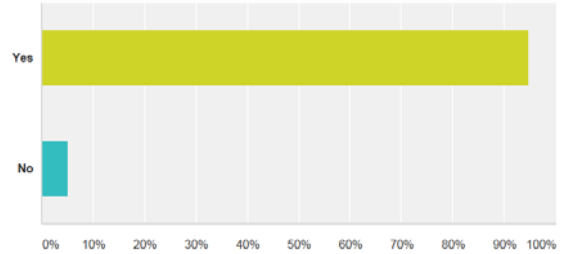
94% of respondents believe the new requirement to operate all conveyed appliances observing their performance is beyond the normal scope of an appraisal assignment.

Conclusion: Operating conveyed appliances and observe their performance is beyond the normal scope of an appraisal assignment.

ICAP’s Recommended Action: If HUD is going to ask appraisers to go beyond the normal scope of an appraisal assignment appraiser’s fees must be increased to compensate for the additional time, training and liability.

Do you believe that the new requirement to operate all conveyed appliances and observe their performance is beyond the normal scope of an appraisal assignment?

Answered: 892 Skipped: 226



Answer Choices	Responses
Yes	94.84% 846
No	5.16% 46
Total	892

Survey Results:

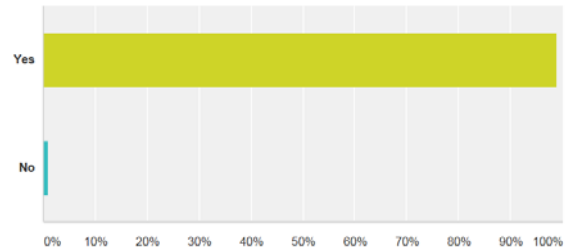
98% of the survey respondents feel that the FHA requirement be removed for personal property items, such as the washer, dryer, et cetera.

Conclusion: The survey respondents feel that the FHA requirement should be removed for personal property items.

ICAP’s Recommended Action: Unless HUD mandates Fees (like VA) to compensate for the additional time, training and liability required for the inspection of personal property this requirement should be removed.

Should the FHA requirement be removed for personal property items, such as the washer, dryer, et cetera?

Answered: 887 Skipped: 231



Answer Choices	Responses
Yes	98.87% 877
No	1.13% 10
Total	887

Survey Results:

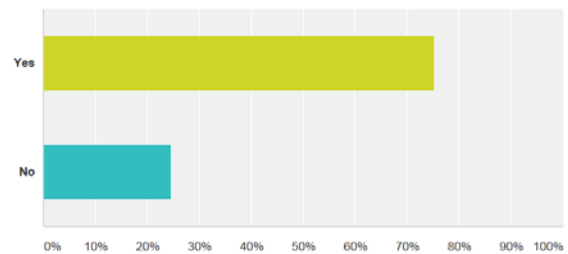
75% of respondents believe there is confusion as to the role of the appraiser created under the new requirement to “observe, analyze and report”.

Conclusion: The new requirement to “observe, analyze and report” creates confusion as to the role of the appraiser.

ICAP’s Recommended Action: Develop checklist and disclosure for all stakeholders to distribute and sign.

Do you believe the new requirement to “observe, analyze and report” creates confusion as to the role of the appraiser?

Answered: 891 Skipped: 227



Answer Choices	Responses
Yes	75.31% 671
No	24.69% 220
Total	891

Survey Results:

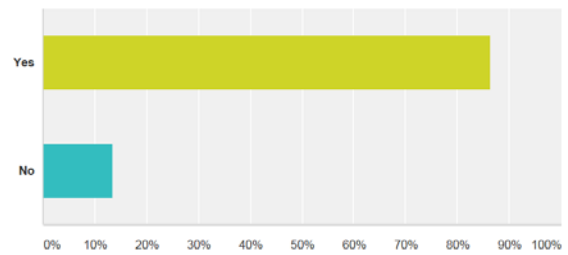
86% of respondents believe a FHA provided checklist would be helpful for their appraisal requirements.

Conclusion: It would help if the FHA provided a checklist for its appraisal requirements.

ICAP's Recommended Action: HUD should develop and provide a checklist to cover their appraisal requirements.

Would it help if the FHA provided a checklist for its appraisal requirements ?

Answered: 890 Skipped: 228



Answer Choices	Responses
Yes	86.52% 770
No	13.48% 120
Total	890

Survey Results:

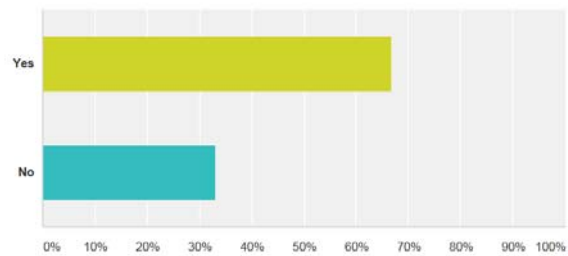
67% of respondents believe an appraiser should not be able to register on the FHA panel prior to passing a test covering FHA requirements.

Conclusion: Appraisers should be required to pass a test on FHA requirements before an appraiser can register to be an FHA appraiser.

ICAP's Recommended Action: Prior to registering on the FHA panel appraisers should be required to pass a test on the FHA requirements.

Should the FHA require appraisers to pass a test on its requirements before an appraiser can register on its panel?

Answered: 886 Skipped: 232



Answer Choices	Responses
Yes	66.70% 591
No	33.30% 295
Total	886

Survey Results:

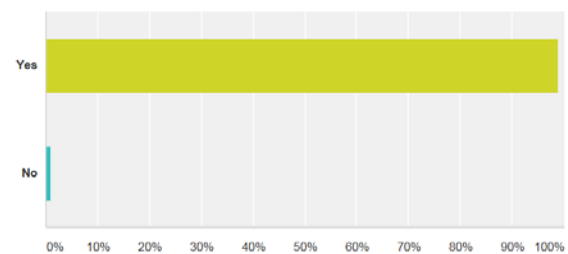
98% of the survey respondents carry an errors and omissions (E&O) insurance Policy.

Conclusion: Most appraisers carry an errors and omissions (E&O) insurance Policy.

ICAP's Recommended Action: As most appraisers carry an errors and omissions (E&O) insurance Policy ICAP is not recommending any action.

Do you carry an errors and omissions (E&O) insurance Insurance Policy?

Answered: 880 Skipped: 238



Answer Choices	Responses
Yes	98.86% 870
No	1.14% 10
Total	880

Survey Results:

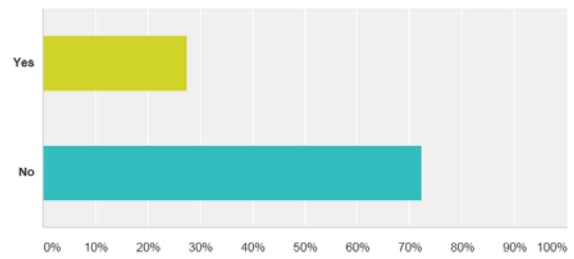
Only 27% of the survey respondents carry a business liability Insurance Policy.

Conclusion: A small percentage of FHA appraisers carry a business liability Insurance Policy.

ICAP's Recommended Action: Provide additional guidance on the importance of being adequately insured.

Do you carry a business liability Insurance Policy?

Answered: 888 Skipped: 230



Answer Choices	Responses
Yes	27.59% 245
No	72.41% 643
Total	888

Survey Results:

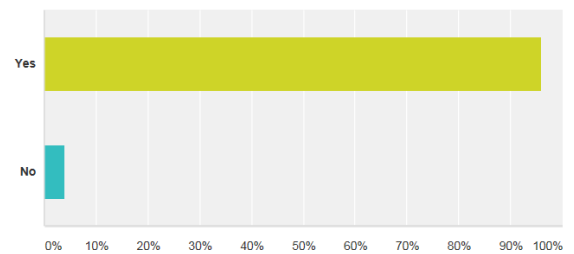
96% of the survey respondents believe that the FHA should revise form HUD-92564-CN, For Your Protection: Get a Home Inspection from "Appraisals are Different from Home Inspections" to "Appraisals are NOT Home Inspections."

Conclusion: A vast majority of the survey respondents agree with NAR recommendation to revise form HUD-92564-CN.

ICAP's Recommended Action: Revise form HUD-92564-CN to "Appraisals are NOT Home Inspections."

Should FHA revise form HUD-92564-CN, For Your Protection: Get a Home Inspection from "Appraisals are Different from Home Inspections" to "Appraisals are NOT Home Inspections?"

Answered: 883 Skipped: 235



Answer Choices	Responses
Yes	96.04% 848
No	3.96% 35
Total	883

Survey Results:

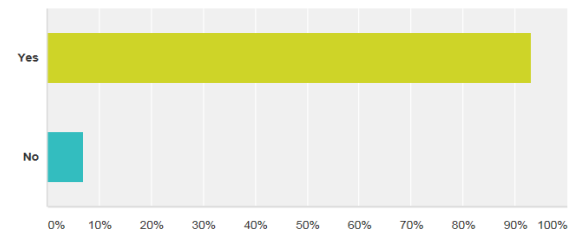
93% of the survey respondents believe that the FHA should revise form HUD-92564-CN, For Your Protection: Get a Home Inspection to include" An appraisal makes sure that the house meets FHA minimum property standards and requirements, which do not include all items reviewed in a home inspection."

Conclusion: A vast majority of the survey respondents agree with NAR recommendation to revise form HUD-92564-CN.

ICAP's Recommended Action: Revise form HUD-92564-CN, For Your Protection: Get a Home Inspection to include" An appraisal makes sure that the house meets FHA minimum property standards and requirements, which do not include all items reviewed in a home inspection."

Should FHA revise form HUD-92564-CN, For Your Protection: Get a Home Inspection to include" An appraisal makes sure that the house meets FHA minimum property standards and requirements, which do not include all items reviewed in a home inspection."

Answered: 885 Skipped: 233



Answer Choices	Responses
Yes	93.11% 824
No	6.89% 61
Total	885

Survey Results:

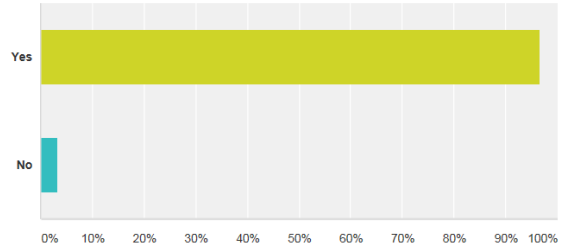
96% of the respondents feel that the FHA should revise form HUD-92564-CN, For Your Protection: Get a Home Inspection from “An appraisal is different from a home inspection and does not replace a home inspection,” to “An appraisal is not a home inspection and is not an alternative to a home inspection.”

Conclusion: A vast majority of the survey respondents agree with NAR recommendation to revise form HUD-92564-CN.

ICAP’s Recommended Action: Revise form HUD-92564-CN, For Your Protection: Get a Home Inspection to “An appraisal is not a home inspection and is not an alternative to a home inspection.”

Should FHA revise form HUD-92564-CN, For Your Protection: Get a Home Inspection from “An appraisal is different from a home inspection and does not replace a home inspection,” to “An appraisal is not a home inspection and is not an alternative to a home inspection?”

Answered: 888 Skipped: 230



Answer Choices	Responses
Yes	96.62% 858
No	3.38% 30
Total	888

ABOUT ICAP

With over 1,600 members ICAP was established in 1994 to be a unified voice for real estate appraisers in Illinois. If you have any questions about this survey or any other appraisal issues, please contact ICAP at info@icapweb.com.