



Seller Guide Update



SEL-2024-042: Reconsideration of Value (ROV) for FHA Non-Delegated Loans October 17, 2024

- Correspondent Lending
- Housing Finance Agency (HFA)

Table of Contents **The following topics are included in this update:**

Background	1
Summary	1
U.S. Bank FHA Non-Delegated Underwriting ROV Requirements.....	2
Awareness: FHA Info 2024-43	4
Awareness: FHA’s Borrower-Initiated ROV Request Requirements	5
Awareness: FHA Info 2024-70 and FAQ	5
Additional Resources.....	6
Questions	6

Background

In **SEL-2024-032** (8/9), U.S. Bank announced the updated effective date of October 31, 2024, as published by Fannie Mae, Freddie Mac and the Federal Housing Administration (FHA) for the upcoming requirements to the Reconsideration of Value (ROV) process.

The purpose of this communication is to advise of U.S. Bank’s implementation of the ROV process for FHA Non-Delegated loans. Lenders are encouraged to review all communications related to the ROV updates as outlined in the [Additional Resources](#) section later in this announcement.

Summary

Underwriting/Delivery	
	Corr. Delegated
X	Corr. Non-Delegated
	Corr. EZD
	Corr. Mandatory
	HFA Delegated
X	HFA Non-Delegated
Products	
	Conv. (Freddie)
	Conv. (Fannie)
	Conv. (Portfolio)
X	FHA
	VA
	Rural Development

Effective Date:

- The provisions of [Mortgagee Letter 2024-07](#) may be implemented immediately but must be implemented for FHA case numbers assigned on or after October 31, 2024.

A Reconsideration of Value (ROV) request is the review of a previously completed full interior appraisal inspection that may encompass concerns a borrower may have, including the estimate of value.

Requests for a ROV must meet regulatory guidelines and be accompanied by supporting documentation and/or acceptable comparable sales. A reconsideration request can only be processed when adequate supporting documentation and information is submitted for review.

Important Notes:

- U.S. Bank will send the results for the ROV Request to the lender within **10-business days** from the date U.S. Bank receives a fully completed ROV request form.
- Please note that this timeframe includes any required correspondence the lender must have with the borrower and/or appraiser, and for U.S. Bank to review the updated appraisal documentation submitted by the lender.
- **Lenders are highly encouraged to ensure they are considering these timing requirements as it relates to their regulatory obligation.**



**U.S. Bank FHA
Non-Delegated
Underwriting
ROV
Requirements**

Credit/Underwriting Package Status and ROV Request Submission Process

The following process should be utilized for submitting an FHA Non-Delegated ROV Request and supporting documentation based on loan status **after** the loan has been registered in Lender Portal:

- **Credit/Underwriting package has been received**) – submit the ROV request in Lender Portal.
- **Credit/Underwriting package has NOT been received**) – submit the ROV request via email to usbhm.conditions.mn@usbank.com.

Milestone	Instruction	Action
<p>Borrower Requests an ROV from the Lender</p>	<p>Once a lender receives a request from the borrower for an ROV on an FHA non-delegated loan, the lender is responsible for notifying U.S. Bank.</p> <p>Important Notes:</p> <ul style="list-style-type: none"> • U.S. Bank’s FHA ROV Request Form can be found in AllRegs: <ul style="list-style-type: none"> ○ Correspondent 1160.11: Reconsideration of Value (ROV) Request Form ○ HFA 1160.11: Reconsideration of Value (ROV) Request Form • Lenders may use their own ROV Request Form provided it contains <u>all</u> required information. • It is the lender’s responsibility to properly document the request which includes advising if the lender agrees that an ROV request is substantiated. • Lenders <u>must</u> advise U.S. Bank of the ROV request regardless of agreement of the borrower-initiated request. • The results for any ROV Request will be sent to the lender within 10-business days from the date U.S. Bank receives a fully completed ROV request form. • Please note that this timeframe includes any required correspondence the lender must have with the borrower and/or appraiser, and for U.S. Bank to review the updated appraisal documentation submitted by the lender. 	<ol style="list-style-type: none"> 1. Lenders should complete and submit the ROV Request Form using the submission process as shown above based on Credit/Underwriting package receipt status. 2. Acceptable reconsideration requests may include any of the following; please select the reason(s) for the request for Reconsideration of Value: <ol style="list-style-type: none"> a. Inadequate Comparable Properties b. Factual or Other Errors or Omissions c. Complaint that the Appraisal was Influenced by Prohibited Bias d. Other 3. Please also provide all form details including borrower and property information, appraisal effective date, loan number, lender name and Loan Officer name. 4. Lenders must also provide a ROV Request Reason summary as to why the appraiser’s analysis does not adequately support the appraisals estimate of value based on the reasons stated above. 5. Please include <u>all</u> supporting documentation when submitting this Reconsideration of Value Request Form.

**U.S. Bank FHA
Non-Delegated
Underwriting
ROV
Requirements,
continued**

Milestone	Additional Comments
<p align="center">U.S. Bank Receives the ROV Request Form</p>	<p>Once U.S. Bank receives the ROV Request from as outlined above, we will review the details of the request and supporting documentation and issue a decision within 10-business days from the date U.S. Bank receives a fully completed ROV request form.</p> <ol style="list-style-type: none"> 1. The FHA Reconsideration of Value (ROV) Decision form is used by U.S. Bank FHA Underwriters to track the receipt, review, and the decision of Reconsideration of Value Requests as well as the results of the appraiser analysis of their reconsideration review and the results. 2. All requests for ROV must be resolved prior to issuance of final loan approval. Only one ROV request is permitted per appraisal and an ROV request does not guarantee a change in the appraised value. Disputes regarding exterior inspections or bifurcated valuations/alternative valuation products require an upgrade to a full interior appraisal inspection. 3. Requests for a ROV must meet all regulatory guidelines and be accompanied by supporting documentation and/or acceptable comparable sales. A reconsideration request can only be processed when adequate supporting documentation and information is submitted for a comprehensive review. Allegations of discrimination or bias that are accompanied by supporting facts are also reviewed through the ROV process.
<p align="center">U.S. Bank Provides ROV Results to the Lender</p>	<p>The results for any ROV Request will be sent to the lender within 10-business days from the date U.S. Bank receives a fully completed ROV request form.</p> <p>Note: This timeframe includes any required correspondence the lender needs to have with the borrower and/or appraiser, and for U.S. Bank to review the updated appraisal documentation submitted by the lender.</p>

Awareness: FHA Info 2024-43

The Federal Housing Administration (FHA) published [FHA INFO 2024-43](#) on July 2nd announcing updates to its FHA Connection (FHAC) system as part of the implementation of its Appraisal Review and Reconsideration of Value Updates [Mortgagee Letter \(ML\) 2024-07](#) published on May 1, 2024.

In support of the changes announced in the ML, FHA is modifying FHAC as follows:

A sub-section titled **“Borrower Request for Appraisal Review Information”** will be added to the Endorsement information section of the Insurance Application screen where mortgagees will respond the following questions:

A Request for Review of Appraisal Result was received from the Borrower

- Requires a selection of Yes or No from the drop-down list.
- If No is selected, then no further information is required in this section.
- If Yes is selected, the following questions are activated, and a response is required:

What was the basis for the Review? (Select all that apply)

- Inadequate comparable properties.
- Factual or other errors or omissions.
- Complaint that the appraisal was influenced by prohibited bias.
- Other: (entry is required if selected).

How did the Mortgagee resolve the request? (Select one)

- Underwriter resolved without further action. Sufficient detail must be retained in Case Binder.
- The Underwriter submitted a Reconsideration of Value request to the Appraiser. The revised version of the appraisal with the Appraiser’s response was logged in FHAC.
- The Underwriter determined the Appraisal was materially deficient. A Second Appraisal was obtained and logged in FHAC.
- Other: (entry is required if selected).

This new functionality is available for case numbers assigned on or after Monday, September 2, 2024. 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 on page 20 of [Endorsing a Single-Family FHA Case](#) for forward mortgages and page 17 of [Endorsing a HECM Case](#) for reverse mortgages. For submissions through FHAC Business-to-Government (B2G), the data must be submitted for case numbers assigned on or after Monday September 2, 2024. The FHAC B2G submission requirements accommodate the new data fields. Refer to the [B2G Interface webpage](#) for technical requirements.

Awareness: FHA's Borrower- Initiated ROV Request Requirements

As stated in [ML 2024-07](#), all borrower-instantiated ROV requests must comply with all general ROV requirements before submissions to the appraiser. 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.
- Specify in the disclosure the process for submitting the ROV request, what information will be required from a borrower, and any limitations on the information allowed, including:
 - Up to five alternative comparable sales for consideration; and
 - Only one borrower-initiated ROV request is permitted per appraisal; and
- Establish protocols for communication with the Borrower, including the following communications, which must be in writing:
 - Acknowledging receipt of the ROV request;
 - How to correct an incomplete ROV request;
 - Updates on the status of the ROV request; and
 - The results of the ROV request. If the borrower-initiated ROV request is unclear, deficient, or requires additional information, the Mortgagee must remediate with the Borrower, as applicable.

Awareness: FHA Info 2024-70 and FAQ

FHA published FHA Info 2024-70 (10/10) which includes a [questions and answers](#) document that addresses inquiries received from stakeholders regarding FHA's [Mortgagee Letter \(ML\) 2024-07](#), Appraisal Review and Reconsideration of Value (ROV), announced in [FHA INFO 2024-24](#) on May 1, 2024.

To prepare mortgagees and other stakeholders for the implementation of the ROV policy, FHA hosted a live webinar on August 8, 2024. During this webinar, FHA subject matter experts briefed participants on the ROV policy and processes and addressed questions submitted prior to and during the webinar. Due to time constraints, not all questions were answered during the webinar; therefore, the FHA INFO includes a summary of the questions addressed during the webinar as well as those that were not.

Mortgagees are reminded that while the provisions outlined in [ML 2024-07](#) may be implemented immediately, they must be implemented for FHA case numbers assigned on or after October 31, 2024, as announced in [ML 2024-16](#). Additionally, the technology updates announced in [FHA INFO 2024-43](#), will also be available in [FHA Connection \(FHAC\)](#) beginning October 31, 2024.

The [questions and answers](#) and recording of the [ROV webinar](#) are available for viewing on [HUD's Single Family Housing Archived Webinars](#) web page.

Additional Resources

U.S. Bank

- [SEL-2024-024](#) (6/14/2024)
- [SEL-2024-032](#) (8/9/2024)

FHA/HUD

- [Mortgagee Letter 2024-07](#) (5/1/2024)
- [FHA INFO 2024-43](#) (7/2/2024)
- [Mortgagee Letter 2024-16](#) (8/6/2024)
- [FHA INFO 2024-70](#) (10/10/2024)

Freddie Mac

- [Bulletin 2024-6](#) (5/1/2024)
- [Bulletin 2024-7](#) (6/5/2024)
- [Bulletin 2024-F](#) (8/6/2024)

Fannie Mae

- [Selling Guide 2024-03](#) (5/1/2024)
- [Selling Notice](#) (8/6/2024)

Questions



Correspondent: Please contact your Account Executive or the Client Support Area at 800.200.5881, option 1.

HFA: Please contact the Housing Finance Agency Hotline at 800.562.5165, option 1 for the HFA Customer Care Team.
