1. **Three-year sales history for comparables** – The appraiser will be required to research and analyze a three-year prior sales history of the comparable properties used in the appraisal. (*Pages 35 and 42 of HUD's Appraisal Report and Data Delivery Guide*)

2. **Externalities and site issues** – The appraiser's obligation to obtain "fall distance" for power line towers has been removed (4000.1, p. 431). Also, the minimum required distance between an existing dwelling and an operating oil or gas well has been reduced from 300 feet to 75 feet. (4000.1, p. 434)

3. Attic and crawl space observation requirements – The appraiser's obligation to observe the crawl space (and attic) are clarified. The property owner is not required to cut a hole in the floor or wall in order to provide access to the appraiser. The requirements for crawl spaces (e.g., must have adequate clearance, free of debris, trash, and vermin) have been clarified. (4000.1, p. 445-447)

4. **Accessory dwelling units** – The appraiser is responsible for identifying an accessory dwelling unit (e.g., garage apartment, etc.) based on the appraiser's highest and best use analysis. (4000.1, p. 439)

5. **Requirement to operate appliances** – FHA now requires appraisers to operate appliances that are part of the property that are being conveyed, e.g., turning on the stove, operating the dishwasher, etc. (4000.1, p. 442)

6. **Photo and sketch requirements** – FHA added additional photograph requirements in appraisal reports, and has clarified some current requirements regarding building sketches. Sketches must show porches and outbuildings that have value, and porches and decks must be indicated "covered" or "uncovered." Photos of repair items are required. (4000.1, p. 453-454)

7. **Utilities off** – If the utilities are off at the property, FHA has issued specific guidance on how an appraiser is to handle this situation. (4000.1, p. 443)

8. **Methamphetamine contamination** – FHA has taken information about the eligibility of meth-contaminated properties from an FAQ document on its website and codified it into Handbook 4000.1. (4000.1, p. 447)

9. **Statement of intended use/intended users** – In the new Handbook, FHA has slightly modified the intended use wording. It is recommended that appraisers use this wording in their appraisal reports in order to be clear. (4000.1, p. 82 and 454)

10. **FHA's new operative words** – Observe, Analyze, and Report. These words appear throughout the new Handbook and they encapsulate an appraiser's responsibilities. (4000.1, p. 58, 423, 425)

11. **Requirements when appraising properties that have additions or converted space** – This area must meet certain criteria to be included in GLA, and the appraiser must consider its functional utility and that of the comparable sales. (4000.1, p.441)

12. **Point of contact** - The mortgagee is required to provide a point of contact and contact information to the appraiser when ordering the appraisal so the appraiser can communicate any non-compliance issues related to the property. (4000.1, p. 421)

13. **Non-conforming uses** – If the subject property is a legal non-conforming use according to its zoning, the appraiser must indicate whether or not the improvements can legally be rebuilt if destroyed (4000.1, p. 428)

14. **Mixed-use properties** – These properties can be eligible for FHA-insured loans as long as a minimum of 51% of the building square footage is for residential use, and the commercial use does not affect the health and safety of the occupants. *(4000.1, p. 104)* 

15. **Special energy-efficient improvements** – When appraising a property with special energy-efficient improvements, the appraiser must note which features are installed and estimate how each component affects value. Contributory value can be estimated by the sales comparison, cost, or income approaches. (4000.1, p. 481)

16. **Mandatory reporting of attempts to influence** – If a mortgagee or third party attempts to inappropriately influence an appraiser, the appraiser must report the attempt to influence to HUD at answers@hud.gov or 1-800-CallFHA and also to the HUD Office of Inspector General hotline at 1-800-347-3735. (4000.1, p. 62)

Please note that this list is not all-encompassing, as it would not be possible to provide a comprehensive document listing all the changes. HUD has specifically stated that they will not provide a list of the appraisal-related changes because they want appraisers to read and understand the entire Handbook. This copyrighted list is provided by McKissock LLC for educational purposes only. Review of this document is not intended to be a substitute for a complete reading and thorough understanding of HUD Handbook 4000.1.