



ASSISTANT SECRETARY FOR HOUSING –
FEDERAL HOUSING COMMISSIONER

Date: August 18, 2020

Mortgagee Letter 2020-26

To: All FHA-Approved Mortgagees
All Direct Endorsement Underwriters
All Eligible Submission Sources for Condominium Project Approvals
All FHA Roster Appraisers
All FHA-Approved 203(k) Consultants
All HUD-Approved Housing Counselors
All HUD-Approved Nonprofit Organizations
All Governmental Entity Participants
All Real Estate Brokers
All Closing Agents

Subject FHA Catalyst: Electronic Appraisal Delivery (EAD) Module

Purpose This Mortgagee Letter (ML) announces the availability of a new EAD pathway utilizing the FHA Catalyst module for FHA Single Family forward mortgages.

Effective Date Mortgagees may begin using the EAD module in FHA Catalyst on and after September 1, 2020.

Public Feedback HUD welcomes feedback from interested parties for a period of 30 calendar days from the date of issuance. To provide feedback on this policy document, please send feedback to the FHA Resource Center at answers@hud.gov. HUD will consider the feedback in determining the need for future updates.

Affected Programs This guidance applies to the FHA Title II Single Family forward mortgage program. The Home Equity Conversion Mortgage (HECM) program is not affected at this time and will be available at a future date.

Background On March 26, 2015, FHA announced implementation of EAD in Mortgagee Letter (ML) 2015-08 as the FHA portal for electronic delivery of appraisals and required use of EAD for all case numbers assigned on and after June 27, 2016. ML 2015-08 also introduced the FHA Appraisal Report and Data

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Background cont.

Delivery Guide as the required data and file format and delivery instructions for reporting the appraisal results. ML 2015-08 has been superseded in whole by FHA Handbook 4000.1 issued on June 30, 2016, which incorporated the EAD requirements in II.A.1.a.iii.(B)(11) *Appraisal Delivery* and II.A.7.d.ii.(C) *Uniform Case Binder Stacking Order*.

As part of FHA's information technology modernization initiative, FHA has developed an EAD pathway in FHA Catalyst that supports the existing Acceptable Appraisal Reporting Forms and Protocols and allows Mortgagees to electronically submit appraisals that comply with FHA's Appraisal Report and Data Delivery Guide. This new cloud-based platform will serve as a centralized location for stakeholders to do business with FHA. FHA is continuing to develop additional functionality on this platform to address all aspects of FHA's business.

Mortgagees remain responsible for proper submission of appraisals and ensuring they meet FHA's requirements and standards for such submissions. By transmitting an appraisal, the Mortgagee is certifying that the statements and information submitted are true and correct.

Platform Access

Mortgagees may request access to EAD module in FHA Catalyst immediately by contacting the FHA Resource Center at answers@hud.gov or 1-800-Call FHA (1-800-225-5342). No appraisal submission may be delivered until the system availability effective date.

Transition to the EAD module in FHA Catalyst

The transition period is the time between the availability date of EAD module in FHA Catalyst until the mandatory use date, which will be announced at a later date. Mortgagees are encouraged to make all necessary adjustments to their systems and processes to accommodate the transition to the EAD module in FHA Catalyst as early as possible.

To provide flexibility during the transition period:

- Mortgagees may utilize the EAD legacy portal or the EAD module in FHA Catalyst for delivery of appraisal submissions for forward mortgages.
- During the transition period, once an initial appraisal submission for an assigned case has been received in the EAD legacy portal or the EAD module in FHA Catalyst, all subsequent appraisal submissions for this assigned case must be delivered through the same EAD pathway through the end of the transition period.

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User Guide and Training

A user guide for the EAD module in FHA Catalyst and a webinar will be available on the <https://fha.gov/fha-catalyst.html>.

Summary of Changes

HUD is establishing a new EAD pathway for forward mortgages through an EAD module in FHA Catalyst with a transition period during which the EAD legacy portal will remain available.

Single Family Housing Policy Handbook 4000.1

The above-mentioned policy changes will be incorporated into Handbook 4000.1 Section II.A.1.a.iii(B)(11) Appraisal Delivery and appear as follows:

(11) Appraisal Delivery – Electronic Appraisal Delivery

(a) Definition

Electronic Appraisal Delivery (EAD) is a web-based platform where Mortgagees or their designated third-party service providers electronically deliver Single Family appraisals prior to endorsement.

(b) Standard

Mortgagees or their designated third-party service providers must deliver appraisals through one of the available EAD pathways. When multiple EAD pathways are available, all subsequent appraisal submissions for an assigned case must be delivered through the same pathway as the initial submission.

The EAD module in FHA Catalyst is not available for reverse mortgage cases (HECM).

(c) Required Documentation

Appraisals submitted through an available EAD are the appraisal of record for endorsement.

Paperwork Reduction Act

The information collection requirements contained in this document have been approved by the Office of Management and Budget (OMB) under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501-3520) and assigned OMB Control Numbers 2502-0059. In accordance with the Paperwork Reduction Act, HUD may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection displays a currently valid OMB Control Number.

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Questions

Any questions regarding this Mortgagee Letter may be directed to the FHA Resource Center at 1-800-CALL-FHA. Persons with hearing or speech impairments may reach this number by calling the Federal Relay Service at 1-800-877-8339. For additional information on this Mortgagee Letter, please visit www.hud.gov/answers.

Signature

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