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## HECM: APPRAISAL EXPIRATION, APPRAISAL EXTENSION AND SECOND APPRAISAL

### **Purpose**

The purpose of this bulletin is to provide clarification on appraisal report for HECM loan.

### **Policy**

- Appraisal Expiration: Appraisal expires 120 days after the effective date of the appraisal report.
- Appraisal Extension: The underwriter can allow a one-time 30-day extension if the borrower is approved for the loan prior to the appraisal expiration date. If the subject property's market is declining, the extension will be made at the underwriter's discretion.
- Second Appraisal: LHFS will allow a second appraisal to be ordered on the original FHA case assignment after the first appraisal expires. In order to be eligible, FHA requires that the loan file is underwritten and conditionally approved prior to the expiration date of the first appraisal.

For more information, please contact your Account Executive.

