

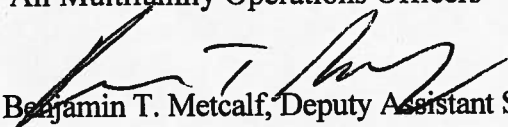


OFFICE OF HOUSING

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-8000

AUG 07 2014

MEMORANDUM FOR: All Multifamily Hub Directors
All Multifamily Program Center Directors
All Multifamily Operations Officers

FROM: 
Benjamin T. Metcalf, Deputy Assistant Secretary for
Multifamily Housing Programs, HT

SUBJECT: Use of a Lender Ordered MAP Appraisal in Lieu of a Separate Rent
Comparability Study (RCS) For Mark-Up-to-Market Transactions

This memo addresses the use of a lender ordered MAP appraisal in lieu of a separate Rent Comparability Study (RCS) for Mark-Up-To-Market transactions. Guidance included below offers Hub Directors the opportunity to issue waivers to existing requirements until revisions to the Section 8 Renewal Guide are published.

Current requirements for preparing RCSs, as stated in Section 3-7.F.1.d. of the HUD Section 8 Renewal Guide are as follows:

“HUD will hire an independent third-party appraiser through its Contracting Officer. Since the RCSs will be done for both insured and uninsured properties, contract funds to pay for the studies will come from the sources below. The PM/CA will rely, without an in-depth review, upon the information contained in the third-party appraisal in implementing Mark-Up-To-Market.”

The Department will be changing this policy upon the publication of a new Section 8 Renewal Policy Guide to allow for the use of a lender ordered MAP appraisal that will serve a dual purpose; serving as an RCS and for use in underwriting an application for HUD mortgage insurance. Until such time, Hub Directors can issue waivers using the form HUD 2 and recording the information in the SharePoint site at:

<http://hudsharepoint.hud.gov/sites/DASMFH/OMHD/Lists/Hub%20Level%20Waivers/Standard.aspx>

Instructions:

1. The appraisal must be ordered, paid for and underwritten by the lender.
2. The MAP appraiser must follow the existing requirements as stated in Chapter 9 of the Renewal Guide to determine the rent. In cases where there is project-based Section 8 (Section 8), comparable market rents must be estimated both before and after repairs. The MAP Guide will be used for the remainder of the assignment.

3. The MAP appraiser will use the form HUD 92273-S8 in lieu of the form HUD 92273.
NOTE: The 92273-S8 form will be used in all Section 8 related appraisals. The 92273 form will continue to be used for non-Section 8 assignments.
4. Any appeals are to be made by the lender to the processing field office. No direct appeals to Headquarters by the owner will be accepted.
5. In order to set the Section 8 rents, HUD staff shall use the lender-supplied appraisal and the HUD 92273-S8 as they would have used the HUD procured RCS and use Section 3-7.F to determine the final comparable market rents for the project.
6. Both the MAP Guide and Section 8 Renewal Guide make references to older USPAP provisions or standards that no longer apply. Appraisers and HUD review appraisers should follow the most current USPAP (January 2013 or subsequent updates published by USPAP).

Implementation

These changes will take effect 120 days after publication or sooner if desired by the Hub Director.

Please contact Bob Burleigh at 202.402.2552 or Stan Houle at 202.402.2572 with any questions.