

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

24 CFR Part 200

[Docket No. FR-4429-F-02]

RIN 2502-AH29

Single Family Mortgage Insurance; Appraiser Roster Placement Procedures

AGENCY: Office of the Assistant Secretary for Housing—Federal Housing Commissioner, HUD.

ACTION: Final rule.

SUMMARY: This final rule adopts certain of the provisions concerning HUD's Appraiser Roster that were published for public comment in a proposed rule on July 2, 1999. The Appraiser Roster lists appraisers who are eligible to perform Federal Housing Administration single family appraisals. The provisions adopted by this final rule codify the current Appraiser Roster placement procedure. The provisions published in the proposed rule concerning the Appraiser Roster removal procedure are being further considered by HUD and will be addressed in a separate rulemaking.

DATES: *Effective Date:* January 27, 2000.

FOR FURTHER INFORMATION CONTACT: Vance T. Morris, Director, Home Mortgage Insurance Division, Office of Insured Single Family Housing, Room 9266, U.S. Department of Housing and Urban Development, 451 Seventh Street, SW, Washington, DC 20410-8000; telephone (202) 708-2700 (this is not a toll-free number). Hearing- or speech-impaired individuals may access this number via TTY by calling the toll-free Federal Information Relay Service at (800) 877-8339.

SUPPLEMENTARY INFORMATION:

I. HUD's Appraiser Roster

HUD's Appraiser Roster lists appraisers who are eligible to perform Federal Housing Administration (FHA) single family appraisals. HUD maintains the Appraiser Roster to provide a means by which HUD can monitor the quality of appraisals performed on single family homes financed through FHA single family programs and to ensure that appraisers performing FHA appraisals meet high competency standards. The Appraiser Roster is an important part of the FHA Single Family Mortgage Insurance program because accurate appraisals are vital to the success of the Program and HUD's ability to protect the FHA insurance funds.

II. The July 2, 1999 Proposed Rule

On July 2, 1999, HUD published for public comment a proposed rule (64 FR 36216) that would have codified the current placement procedure for HUD's Appraiser Roster and proposed an independent procedure for removing an appraiser from the Appraiser Roster. HUD proposed this independent removal procedure, separate and apart from HUD's existing debarment, suspension, and limited denial of participation administrative remedies, in order to better safeguard the FHA insurance funds and to better protect homebuyers. A complete description of these procedures is presented in the preamble to the July 2, 1999 proposed rule.

III. This Final Rule

This final rule adopts certain of the provisions concerning HUD's Appraiser Roster published in the July 2, 1999 proposed rule. Specifically, this final rule adopts the provisions that codify the current Appraiser Roster placement procedure. This final rule does not adopt the independent removal procedure nor certain other related provisions. A summary of the provisions adopted by this final rule is presented in section V. of this preamble.

The public comment period for the proposed rule closed on August 2, 1999. HUD received 2 comments. We received one comment from a banking institution and the other from a trade association. One of the commenters wrote in favor of the proposed rule. The other commenter raised a number of concerns about the proposed removal procedure. Neither commenter raised issues concerning the codification of HUD's current placement procedure. Consequently, HUD is adopting this procedure without change.

HUD, however, has decided not to adopt the proposed independent removal procedure in this final rule.

IV. Plain Language

Please note that the structure of the proposed rule has been revised in this final rule to comply with President Clinton's Memorandum of June 1, 1998, entitled "Plain Language in Government" (63 FR 31885). In this memorandum, President Clinton directed Federal agencies to use plain language in all government writing. With respect to rulemaking, President Clinton directed Federal agencies to use plain language in new proposed and final rules beginning January 1, 1999. Plain language is an approach to writing that promotes responsive, accessible, and understandable written communications.

In particular, the structure of this final rule has been revised to present the rule in question-and-answer format. This was done to improve clarity and to make the regulations more user-friendly. The substance of each section, however, as proposed in the July 2, 1999 rule, has not been changed. In addition, some of the proposed regulatory language has been revised. Again, these revisions do not change the substance of each section. The revisions are also intended to improve the clarity of the final rule.

V. Summary of Provisions Adopted by this Final Rule

The following table presents a summary of the provisions adopted by the final rule. The table also serves as a guide to the plain language organizational changes implemented by the final rule. The first column of the table lists the provisions of the proposed rule. If the provision has been adopted by this final rule, the second column lists where in the new organization the provision appears. If the provision has not been adopted, the second column indicates that the provision has not been adopted by the final rule.

Provision in proposed rule * * *	Adopted by this final rule at * * *
§ 200.200(a)	§ 200.200(a)
§ 200.200(b)	§ 200.200(b)
§ 200.200(c)	§ 200.202
§ 200.200(d)	Not adopted by this final rule.
§ 200.200(e)	§ 200.206
§ 200.200(f)	Not adopted by this final rule.
§ 200.200(g)	Not adopted by this final rule.
§ 200.200(h)	Not adopted by this final rule.

VI. Findings and Certifications

Paperwork Reduction Act Statement

The information collection requirements contained in this rule have been submitted to the Office of Management and Budget (OMB) under the Paperwork Reduction Act of 1995 (44 U.S.C. 3507(d)) and assigned OMB control number 2502-0538. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection displays a valid control number.

Environmental Impact

This final rule does not direct, provide for assistance or loan and mortgage insurance for, or otherwise govern or regulate, real property acquisition, disposition, leasing, rehabilitation, alteration, demolition, or new construction, or establish, revise or

provide for standards for construction or construction materials, manufactured housing, or occupancy. Accordingly, under 24 CFR 50.19(c)(1), this final rule is categorically excluded from environmental review under the National Environmental Policy Act of 1969 (42 U.S.C. 4321).

Regulatory Flexibility Act

The Secretary has reviewed this final rule before publication, and by approving it certifies, in accordance with the Regulatory Flexibility Act (5 U.S.C. 605(b)), that this final rule would not have a significant economic impact on a substantial number of small entities.

Unfunded Mandates Reform Act

Title II of the Unfunded Mandates Reform Act of 1995 (2 U.S.C. 1531–1538) (UMRA) requires Federal agencies to assess the effects of their regulatory actions on State, local, and tribal governments and on the private sector. This final rule does not impose, within the meaning of the UMRA, any Federal mandates on any State, local, or, tribal governments or on the private sector.

Federalism Impact

Executive Order 13132 (entitled “Federalism”) prohibits, to the extent practicable and permitted by law, an agency from promulgating a regulation that has federalism implications and either imposes substantial direct compliance costs on State and local governments and is not required by statute, or preempts State law, unless the relevant requirements of section 6 of the Executive Order are met. This final rule does not have federalism implications and does not impose substantial direct compliance costs on State and local governments or preempt State law within the meaning of the Executive Order.

VII. List of Subjects in 24 CFR Part 200

Administrative practice and procedure, Claims, Equal employment

opportunity, Fair housing, Home improvement, Housing standards, Incorporation by reference, Lead poisoning, Loan programs—housing and community development, Minimum property standards, Mortgage insurance, Organization and functions (Government agencies), Penalties, Reporting and recordkeeping requirements, Social security, Unemployment compensation, Wages.

For the reasons discussed in the preamble, HUD amends 24 CFR part 200 as follows:

PART 200—INTRODUCTION TO FHA PROGRAMS

1. The authority citation for part 200 continues to read as follows:

Authority: 12 U.S.C. 1701–1715z–18; 42 U.S.C. 3535(d).

2. Add subpart G to read as follows:

Subpart G—Appraiser Roster

Sec.

200.200 What is the Appraiser Roster?

200.202 How do I apply for placement on the Appraiser Roster?

200.204 [Reserved]

200.206 What are my responsibilities as an appraiser listed on the Appraiser Roster?

Subpart G—Appraiser Roster

§ 200.200 What is the Appraiser Roster?

(a) *Appraiser Roster.* HUD maintains a list of appraisers. A mortgagee must select only an appraiser from this list for the appraisal of a property that is to be the security for an FHA-insured single family mortgage.

(b) *Disclaimer.* Since an appraisal is performed to determine the maximum insurable mortgage and to also protect the FHA insurance funds, the inclusion of an appraiser on the Appraiser Roster does not create or imply a warranty or endorsement to a prospective homebuyer or to any other organization or individual by HUD of the listed appraiser nor does it represent a warranty of any appraisal performed by the listed appraiser. The inclusion of an

appraiser on the Appraiser Roster means only that a listed appraiser has met the qualifications and conditions, prescribed by the Secretary, for inclusion on the Appraiser Roster.

§ 200.202 How do I apply for placement on the Appraiser Roster?

(a) *Application.* To apply for placement on the Appraiser Roster, you must submit an application to HUD.

(b) *Eligibility.* To be eligible for placement on the Appraiser Roster:

- (1) You must be a state-licensed or state-certified appraiser;
- (2) You must pass a HUD test on FHA appraisal methods and reporting; and
- (3) You must not be listed on:
 - (i) The General Service Administration’s Suspension and Debarment List;
 - (ii) HUD’s Limited Denial of Participation List; or
 - (iii) HUD’s Credit Alert Interactive Voice Response System.

§ 200.204 [Reserved]

§ 200.206 What are my responsibilities as an appraiser listed on the Appraiser Roster?

All appraisers listed on the Appraiser Roster are responsible for:

- (a) Obtaining and reading the HUD Appraiser Handbook (4150.2) and any updates to the Handbook;
- (b) Complying with the HUD Appraiser Handbook (4150.2), and any updates to the Handbook, when performing all appraisals of properties for HUD single family mortgage insurance purposes; and
- (c) Complying with all other instructions and standards issued by HUD when performing all appraisals of properties for HUD single family mortgage insurance purposes.

Dated: December 17, 1999.

William C. Apgar,

Assistant Secretary for Housing-Federal Housing Commissioner.

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