



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

ASSISTANT SECRETARY FOR HOUSING-
FEDERAL HOUSING COMMISSIONER

May 5, 2010

MORTGAGEE LETTER 2010-17

**TO: ALL FHA APPROVED MORTGAGEES
ALL FHA ROSTER APPRAISERS**

**SUBJECT: UPDATED HUD REO LEAD-BASED PAINT APPRAISAL REPORTING
REQUIREMENTS**

The purpose of this Mortgagee Letter is to amend Handbook 4150.2, Valuation Analysis for Home Mortgage Insurance for Single Family One-to-Four Unit Dwellings, Appendix A. The amendment will affect how appraisers disclose defective paint in HUD's real estate owned (REO) properties. This change is effective on all appraisals performed on HUD REO properties with an effective date on or after June 1, 2010. HUD will only order a lead-based paint evaluation for HUD REO properties constructed before 1978, and purchased with FHA-insured financing.

Handbook Change

Appendix A, Section A-3, bullet two is being replaced in its entirety with the language below:

If the appraiser observes defective paint in a home that was built before 1978, in the physical deficiencies or adverse conditions section of the appraisal report, the appraiser must enter an "X" in the "Yes" box, and note all areas affected. However, if the appraiser does not observe defective paint in a home that was built before 1978, an explanation is not required in the physical deficiencies or adverse conditions section of the appraisal report.

If you should have any questions concerning this Mortgagee Letter, call 1-800-CALLFHA. Persons with hearing or speech impairments may access this number via TDD/TTY, by calling 1-877-TDD-2HUD (1-877-833-2483).

Sincerely,

David H. Stevens
Assistant Secretary for Housing –
Federal Housing Commissioner

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 2502-0538. 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.