

**Statement of Appraised Value
for a Mortgage to be Insured Under
the National Housing Act:**

**U.S. Department of Housing
and Urban Development**
Office of Housing
Federal Housing Commissioner

OMB Approval No. 2502-0493 (Exp. xx/xx/xxxx)

Section 203(b) Section (specify) _____

Public reporting burden for this collection of information is estimated to average 10 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This information is required to obtain benefits and voluntary. HUD may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB control number. Section 203 of the National Housing Act authorizes the Secretary of the Department of Housing and Urban Development to insure mortgages on an application by an approved mortgagee for appraisal. The Master Appraisal Reports permit the listing of models covering types of individual homes proposed for construction. The information collection sets forth the general and specific conditions that must be met before HUD can endorse a Firm Commitment for mortgage insurance. The information collection is prepared by participating lenders working with developers. HUD has eliminated the need to have a separate Master Appraisal Report on individual properties, now the report can cover up to five or more models within a specific subdivision. While no assurances of confidentiality are pledged to respondents, HUD generally discloses this data only in response to a Freedom of Information request.

1. FHA Mortgagee Number		2. FHA Case Number		3. Estimated Value of Property \$		Estimate includes alternates and lot value adjustment, if any.		
4. Mortgagee Name and Address				5. Property Address				
6. Monthly Expense Estimate					7. Issue Date		8. Expiration Date	9. Estimated Closing Costs
a. Fire	b. Taxes	c. Maintenance and Repair	d. Heat and Utilities	e. Homeowner Assoc. Charge				

This form is required by law. It is a "Statement of Appraised Value" that borrowers who will be using HUD-insured financing must receive prior to the purchase of the property. If the sales contract has been signed before the borrower received such a statement, the contract must contain, or must be amended to include the following language:

"It is expressly agreed that, notwithstanding any other provisions of this contract, the purchaser shall not be obligated to complete the purchase of the property described herein or to incur any penalty by forfeiture of earnest money deposits or otherwise unless the seller has delivered to the purchaser a written statement issued by the Federal Housing Commissioner or a Direct Endorsement Underwriter setting forth the appraised value of the property (excluding closing costs) of not less than \$ _____ which statement the seller hereby agrees to deliver to the purchaser promptly after such appraised value statement is made available to the seller. The Purchaser shall, however, have the privilege and option of proceeding with the consummation of the contract without regard to the amount of the appraised valuation. The appraised valuation is arrived at to determine the maximum mortgage the Department of Housing and Urban Development will insure. HUD does not warrant the value nor the condition of the property. The purchaser should satisfy himself/herself that the price and condition of the property are acceptable."

Estimated Value of Property—Is the same as the "appraised value." These terms can be defined as the amount that the direct endorsement (DE) lender considers the property to be worth. The "Estimated Value of Property" does not fix a sales price, except when the mortgage is to be insured under Section 235(i), which is a homeownership assistance program. By providing this estimate, the DE lender is not approving the purchase of the property nor indicating the amount of an insured mortgage that will be approved.

Replacement Cost—is used instead of value in the Section 220 programs. This is an estimate of the current cost to reproduce the property including land, labor, site survey, materials and marketing expenses. The "Estimated Value of Property" shall be considered to mean replacement cost under that program.

Maximum Mortgage Amount—Is the maximum mortgage which HUD can insure and it is based on the sum of the "Estimated Value of Property" plus the "Estimated Closing Costs." **If the purchase price of the property is more than the "Estimated Value of the Property," and you pay closing costs, you are paying more for the property than HUD considers it to be worth.**

Estimated Closing Costs—Is the amount the DE lender considers to be customarily paid by the buyer in order to complete the mortgage loan transaction. However, these costs may be paid by the buyer or the seller. They normally include items such as fees for preparing the mortgage documents, title insurance, loan origination fees and transfer and recording taxes.

Prepaid Items—Any changes that normally will be paid at closing and are recurring in nature. They include such items as funds for real estate taxes and hazard insurance. **Because the amount of these items will vary depending upon the closing date, an estimate with this statement is not provided.**

Escrow Account—This is a special account that your lender will keep on your behalf to save the necessary funds to pay certain future bills. Your mortgage payment will include, in addition to an amount for interest and principal, amounts to cover such items as property taxes, hazard insurance, and the mortgage insurance premium (in certain programs). These charges are collected in advance so that your lender will have enough money in the account to apply to the charge when it comes due. Generally, 1/12th of the next estimated charges will be the amount collected with each of your monthly mortgage payments. Bear in mind that in most communities, taxes and other operating costs are increasing.

The estimates should give some idea of what you can expect the costs to be at the beginning. In some areas the estimate of taxes may also include charges such as sewer charges, garbage collection fee, water rates, etc.

Mortgage Insurance Premium—The amount charged for insuring your mortgage. The premium may be in the form of a one-time charge and/or a monthly charge depending upon the section of the Housing Act under which your mortgage is insured. Your lender can provide you with specific information about your transaction.

Monthly Expense Estimates—Costs which are associated with homeownership which HUD believes the homeowner will have to pay when living in the property. Two examples of "Monthly Expense Estimates" are fire insurance and taxes, which are paid to your lender each month as part of your mortgage payment. These are put into an escrow account.

Other Costs of Homeownership—Utilities are usually paid monthly to whomever provides the service. Also, you should save a certain amount each month to cover repair and maintenance costs which will come up while you own your home.

Late Payments—If you do not pay your mortgage payment within 15 days from the first day of each month, you can be charged a penalty. This penalty may be 4 cents for each dollar of your payment.

New Construction—If plans and specifications are accepted by a Direct Endorsement Lender before construction, the builder is required to warrant that the house conforms to approved plans. This warranty is for one year following the date on which title is transferred to the original buyer or the date on which the house was first lived in, whichever happens first. If during the warranty period you notice defects for which you believe the builder is responsible, ask him/her in writing to fix them. If he/she does not fix them, write to the 10-year insured protection (warranty) plan where applicable. Send a copy to your mortgagee if it is a Direct Endorsement Lender. Mention the FHA case number shown above. If an inspection shows the builder to be at fault, he/she will be requested to fix the defect. If he/she does not, you may be able to obtain legal relief under the builder's warranty. Where a structural defect is involved, HUD can provide money for corrections under certain conditions. You cannot expect the builder to fix damage caused by ordinary wear and tear or by poor homeowner maintenance. Keeping the house in good condition is the homeowner's responsibility.

Purchaser's Certificate I hereby acknowledge that I have a copy of the Statement of Appraised Value as completed above.

Signature of Borrower _____ Date _____

X

Lender's Certificate I hereby certify that I have provided the purchaser with a copy of the Statement of Appraised Value as completed above.

Signature _____ Date _____

X