

## 6 APPRAISAL AND APPRAISER MONITORING

## 6-0 INTRODUCTION

The review process is a critical quality control and performance monitoring mechanism for HUD. FHA will monitor appraisals and appraisers using statistical analysis and field reviews. Through analysis of performance measures, FHA will identify candidates for field reviews. By performing statistical analysis as well as field reviews, HUD maintains the capability to broadly track its portfolio and investigate it in greater depth.

## 6-1 MONITORING AND STATISTICAL ANALYSIS

The Real Estate Assessment Center (REAC) will conduct statistical analysis to track the performance of appraisers and properties and to identify problematic appraisals for review. If the review and subsequent analysis indicate behavior that is out of compliance with FHA guidelines, FHA may take enforcement action. The performance categories below will guide the monitoring and enforcement efforts.

## 6-2 PERFORMANCE CATEGORIES

The following performance categories allow FHA to monitor each aspect of the appraiser's performance. The table below lists examples of performance measures for each category.

Performance Category	Performance Measure
Appraisal Process	Transaction quality Proof of analysis Relevance of data
Appraisal Reporting	Completeness Mathematical Accuracy
Valuation Conditions	Identified repairs
Maintenance of Professional Standards	Maintenance of state licensure Disciplinary actions
Field reviews	Supported findings Required record keeping Responsiveness to field review

HUD expects a high level of professionalism, customer service, technical expertise and record keeping from appraisers. The above measures demonstrate HUD's focus on:

- o complete, justifiable and accurate appraisals
- o qualified and competent appraisers
- o professionalism
- o accuracy

## 6-3 APPRAISAL REVIEW PROCESS

The oversight process includes statistical analysis of appraisals and field reviews. The reviews will be used to determine the reliability of the appraisal supporting FHA financing as well as the performance of the appraiser. To gauge an appraiser's performance, REAC will review a sample of appraisals performed for FHA over a specified time period and/or a specified number of appraisals performed.