

and adding a new paragraph (e)(3) to read as follows:

**§ 203.5 Direct Endorsement process.**

\* \* \* \* \*

(e) \* \* \*

(1) \* \* \* A mortgagee must select an appraiser whose name is on the FHA Appraiser Roster, in accordance with 24 CFR part 200, subpart G.

\* \* \* \* \*

(3) A mortgagee and an appraiser must ensure that an appraisal and related documentation satisfy FHA appraisal requirements and shall bear equal responsibility for the quality of the appraisal in satisfying such requirements. A Direct Endorsement Mortgagee (and any of its loan correspondent lenders) that submits, or causes to be submitted, an appraisal or

related documentation that does not satisfy FHA requirements is subject to administrative sanction by the Mortgage Review Board pursuant to § 25.9 of this title.

Dated: December 3, 2002.

**Mel Martinez,**

*Secretary.*

[FR Doc. 03-539 Filed 1-10-03; 8:45 am]

**BILLING CODE 4210-27-P**