

## 7. Prohibition on Property Flipping, Continued

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### 4155.2 4.7.c Sale Must Be by the Owner of Record

To be eligible for a mortgage insured by FHA

- a property must be purchased from the owner of record
- the transaction may *not* involve any sale or assignment of the sales contract, and
- the lender must obtain, and submit in the case binder to HUD, documentation verifying that the seller is the owner or record.

Such documentation may include, but is not limited to

- a property sales history report
- a copy of the recorded deed from the seller, or
- other documentation, such as a copy of a property tax bill, title commitment, or binder, demonstrating the seller's ownership of the property and the date it was acquired.

**Note:** This requirement applies to all FHA purchase money mortgages, regardless of the time between re-sales.

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### 4155.2 4.7.d Appraiser Responsibility for Analyzing Prior Sales of a Property

To be in compliance with updated Standard Rule 1-5 of the Uniform Standards of Professional Appraisal Practice (USPAP), appraisers are required to analyze any prior sales of a subject property in the previous three years for one to four family residential properties.

Mortgage lenders may rely on the information provided by the appraiser in the Uniform Residential Appraisal Report (URAR) describing the Date, Price and Data for Prior Sales for the subject property within the last three years.

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### 4155.2 4.7.e Restriction on Re-Sales Occurring 90 Days or Less After Acquisition

If a property is re-sold 90 days or fewer following the date of acquisition by the seller, the property is *not* eligible for a mortgage insured by FHA.

FHA defines the

- *seller's date of acquisition* as the date of settlement on the seller's purchase of that property, and
- *re-sale date* as the date of execution of the sales contract by a buyer intending to finance the property with an FHA-insured loan.

**Reference:** For exceptions to this 90-day restriction, see [HUD 4155.2 4.7.h](#)

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