

SUSPENSION OF MASTER CERTIFICATE OF REASONABLE VALUE ISSUANCE

1. Purpose. The purpose of this circular is to announce the suspension of issuing Master Certificates of Reasonable Value (MCRV).
2. Background. Builders of residential properties have been allowed to request an MCRV that includes all home models proposed to be constructed in a project or subdivision. Under VA's current guidelines, an MCRV locks in the reasonable value of a property for 6 months despite any changes in the marketplace. Therefore, when a builder sells a unit during this time period, the veteran purchaser is assured that VA has already established the reasonable value of the unit.
3. Details. Unfortunately, in a rapidly declining market, the use of MCRVs can be detrimental to the interests of the veteran, as it may contribute to the veteran paying too high a price for the property. Therefore, due to current declining market conditions, issuance of MCRVs shall be suspended. This action is in the best interest of veterans and will result in no degradation of service. Veterans will still have the opportunity to use the VA Home Loan Program to purchase such properties by obtaining individual appraisals.
4. Actions. Effective immediately, requests for master appraisal reports and issuance of MCRVs will not be accepted. All outstanding MCRVs will continue to be honored until their expiration date. If at a later date market conditions indicate a stabilized market for periods of 6 months to 1 year, reinstatement of MCRV issuing will be considered.
5. Rescission: This circular is rescinded January 1, 2012.

By Direction of the Under Secretary for Benefits

Mark Bologna, Director
Loan Guaranty Service

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