

**Department of  
Veterans Affairs (VA)  
Denver Regional Loan Center**



**VA Fee Panel  
Appraiser's Handbook  
November 2013 Edition**

## Construction & Valuation (C&V)

**IF YOU WANT TO VISIT US**  
**PHYSICAL ADDRESS**  
**VA REGIONAL LOAN CENTER**  
**Construction and Valuation (339/262)**  
**155 Van Gordon Street**  
**Lakewood, CO 80228**

**IF YOU WANT TO MAIL US**  
**REGULAR MAIL ADDRESS**  
**VA REGIONAL LOAN CENTER**  
**Construction & Valuation**  
**(339/262)**  
**Box 25126**  
**Denver, CO 80225**

Administering the VA Home Loan Program in Alaska, Colorado, Idaho, Montana, Oregon, Utah, Washington and Wyoming

**Phone Number:** 1-888-349-7541 option 1

**E-Mail Address:** [39/VA262@va.gov](mailto:39/VA262@va.gov) (Control and Click over email address).

**Fax Number:** 303-914-5618

**Denver Website:**  
<http://www.vba.va.gov/ro/denver/index.htm>

**National Website:**  
[www.vba.va.gov](http://www.vba.va.gov)

**Fee Appraiser Updates:**  
[http://www.benefits.va.gov/homeloans/appraiser\\_cv\\_fee\\_appraiser.asp](http://www.benefits.va.gov/homeloans/appraiser_cv_fee_appraiser.asp)

**Veteran Information Portal:**  
<http://vip.vba.va.gov>

**VA Training Broadcasts:**  
[http://benefits.va.gov/HOMELOANS/resources\\_broadcast.asp](http://benefits.va.gov/HOMELOANS/resources_broadcast.asp)

**VA Circulars:**  
<http://www.homeloans.va.gov/new.htm>

**Fees and Timeliness:**  
[http://benefits.va.gov/homeloans/appraiser\\_fee\\_schedule.asp](http://benefits.va.gov/homeloans/appraiser_fee_schedule.asp)

<b>Denver Regional Loan Center</b>	
<b>C&amp;V Staff</b>	
<b>(Updated 10/2013)</b>	
<b>Jack Chaney</b>	<b>Valuation Officer</b>
<b>Valerie Martinez</b>	<b>Assistant Valuation Officer (retiring 1/3/2014)</b>
<b>Kellie Vasey</b>	<b>Assistant Valuation Officer</b>
<b>Staff members located in Denver, Colorado</b>	
Arthur Alarcon	Staff Appraiser
George Berry	Special Adapted Housing Agent
Melanie Bieller	Staff Appraiser
Michael Billings	SAH Coordinator
Terri Birdsong	Program Assistant
Alan Fejes	Lead Staff Appraiser
Chris Ford	Staff Appraiser
Jim Edgell	Staff Appraiser
Steve Glasgow	Staff Appraiser
Jennifer Glose	Special Adapted Housing Agent
Sandra Harper	Staff Appraiser
Dan Ice	Staff Appraiser (retiring 12/31/2013)
Andrew Lofland	Staff Appraiser
Tom Miles	Staff Appraiser
Keith Pearce	Staff Appraiser
Chad Perry	Staff Appraiser
Howard Person	Staff Appraiser
Dave Russell	Lead Staff Appraiser
Cindy Shuel	Staff Appraiser
David Sileo	Special Adapted Housing Agent
Delana Staley	Special Adapted Housing Agent
Simon Willis	Staff Appraiser
<b>Out Based Senior Appraisers/Special Adapted Housing Agents</b>	
Cheryl Maines	Seattle
Joe Ladan	Seattle
Don Pearsall	Seattle
John Temme	Seattle
Jerry Black	Salt Lake City
Rick Siavrakas	Salt Lake City
Marlene Putnam	Portland
Roy Reel	Portland
Kim Blackburn	Boise
Rich Rodriguez	Anchorage
<b><i>If responding to a letter from the C&amp;V staff – follow letter instructions.</i></b>	

## Table of Contents

<b>Chapter 1</b>	<b>General Information</b>	<a href="#">Appraiser Availability and Communication</a> <a href="#">Vacation Notices</a> <a href="#">Illness and Emergency Notices</a> <a href="#">Conflict of Interest</a> <a href="#">Ethics Rule – USPAP</a> <a href="#">Payment Assistance Policy</a> <a href="#">Cancellations</a> <a href="#">Leasehold Estates and Co-op</a>
<b>Chapter 2</b>	<b>Fees and Timeliness</b>	<a href="#">Timeliness and Fee Website</a>
<b>Chapter 3</b>	<b>Veterans Information Portal (VIP)</b>	<a href="#">Website address</a> <a href="#">Appraiser Portlet</a>
<b>Chapter 4</b>	<b>Types of Assignments</b>	<a href="#">Acceptable Appraisal Report Forms</a> <a href="#">Existing Construction</a> <a href="#">Alterations, Improvements or Repairs</a> <a href="#">Common Interest Communities</a> <a href="#">Proposed or Under Construction</a> <a href="#">Manufactured Housing on Permanent Foundation</a> <a href="#">Liquidation</a> <a href="#">Leasehold Estate and Coop</a>
<b>Chapter 5</b>	<b>Fee Appraiser Responsibilities'</b>	<a href="#">Responsibilities</a> <a href="#">Preparing the Appraisal Report</a> <a href="#">Guidelines for Communicating with parties</a> <a href="#">Liquidation Appraisals</a> <a href="#">Repair Inspections for refinance &amp; purchases</a>
<b>Chapter 6</b>	<b>VA Appraisal Report Requirements</b>	<a href="#">Definition of Market Value</a> <a href="#">USPAP</a> <a href="#">Property Visit</a> <a href="#">Selection of Comparables</a> <a href="#">Approaches to Value</a> <a href="#">Property Visit</a> <a href="#">Reconciliation</a> <a href="#">PUD Information</a> <a href="#">Valuations below Contract Price</a> <a href="#">MPRs</a> <a href="#">Appraisal Exhibits</a>
<b>Chapter 7</b>	<b>LAPP Appraisal Issues</b>	<a href="#">SAR Role</a> <a href="#">Expectations</a>
<b>Chapter 8</b>	<b>Reconsideration of Value</b>	<a href="#">Fee Appraiser Role</a> <a href="#">Allowable Fees</a> <a href="#">Appraiser Portlet Example</a>
<b>Chapter 9</b>	<b>Special Property Considerations</b>	<a href="#">Farm Residences/outbuildings/Additional Lots/Personal Property Items</a> <a href="#">Properties near Airports</a> <a href="#">Properties Subject to Flooding</a> <a href="#">VA Partial Release of Security</a>
<b>Chapter 10</b>	<b>Key Points of a Good Appraisal Report</b>	<a href="#">Key Points</a> <a href="#">Some Common Deficiencies</a>
<b>Chapter 11</b>	<b>Quality Control</b>	<a href="#">Desk &amp; Field Reviews</a> <a href="#">Quality Control and Standards</a> <a href="#">Administrative Disciplinary Action</a>
<b>Addendum</b>		<a href="#">Liquidation Addendum</a>

# Preface

## Statement of VA Expectations:

In addition to quality appraisal reports completed in a timely fashion, the Department of Veterans Affairs expects and requires the highest standards of professional conduct from VA Fee Panel members. This includes courtesy, appearance, and customer service.

Remember, Veterans, lenders, Realtors, and others see you as representing VA. While we recognize and respect your right to conduct your appraisal business as you see fit, VA has the right and responsibility to ensure that the Loan Guaranty program is administered for the benefit of our Veterans.

Always support your adjustments and reconciliation.

Limit your canned statements. We want specific subject property information only.

The items covered under the Scope of Work, Statement of Assumptions and Limiting Conditions and Appraiser Certifications should not be restated in your addendum. You cannot add to the Limiting Conditions.

### Reminders:

When the Veterans Information Portal is not operating – *It is acceptable to e-mail the appraisal package to the lender and or SAR only. Appraisal should not be released to any other party.* This will assist the veteran in further delay. Please upload the appraisal when Portal is back in operation. This paragraph is your authorization to proceed. Appraisals should **not** be e-mailed to VA staff member or VA electronic mailbox unless specifically requested by VA staff.

Do not perform any appraisal request not assigned to you or in geographical areas not assigned to you. Notify VA by email at [39/VA262@va.gov](mailto:39/VA262@va.gov) and include correct county.

Please place your VA ID number next to your name on all correspondence sent to VA.

Please review this handbook and the Lenders Handbook before calling or emailing the Construction and Valuation Section.

Fee appraisers may not discuss valuation, conditions, or any other issues relating to the contents of their completed appraisal reports with anyone except VA staff or the SAR.  
**This includes any oral communication concerning value and conditions.**

E-Appraisal is now **WEBLGY**. Any reference to E-Appraisal in any VA materials means **WEBLGY**. E-Appraisal no longer exists.

## Chapter 1 General Information

This appraiser handbook supersedes all previous editions. Please download a copy of the VA Lenders Handbook, Chapters 10 through 18. Keep all VA written instructions or training material handy. It is your responsibility to know VA guidelines.

In addition to VA's quality requirement for appraisal reports we require that appraisals are completed in timely fashion. VA also expects the **highest standards of professional conduct, courtesy, appearance, and customer service from its fee panel members**. Although you are independent contractors - remember that you represent VA to veterans, lenders, real estate professionals, and other clients with whom you come in contact everyday – **you are the VA**. While we recognize and respect your right to conduct your appraisal business - be assured that VA likewise has the right -- and the responsibility -- to ensure that the Loan Guaranty program is administered first and foremost for the benefit of our veterans and is completed in a professional manner.

### **Appraiser Availability and Communication**

All VA fee appraisers must be available during normal business hours and are expected to respond promptly to any inquiries received (by phone, fax, or e-mail) from VA staff, lenders, or real estate agents. Generally, your response should be made no later than the following business day. Failure to respond timely will be documented and could lead to withholding of assignments. If we are unable to contact you via email or phone and within one business day - we will reassign any cases that are in your queue that are untimely or about to become untimely. We will not support your invoice for payment for any work that has been completed.

**Note:** You are only authorized to discuss the contents of your appraisal with VA staff and the lender's Staff Appraiser Reviewer (SAR).

### **Vacation Notices**

Other than emergency requests for leave, please notify us at least 5 business days in advance when you want to have your VA assignments stopped. Please send vacation notice (attachment A) and the state(s) where you work: to [39/VA262@va.gov](mailto:39/VA262@va.gov). The form used for withholding of assignments can be access at "Appraiser Time off Request" at the following website: <http://www.benefits.va.gov/denver/cv.asp>

**Note:** It is your responsibility to ensure all assignments are completed and uploaded to the system prior to the start of your time off. Make sure your time off incorporates the time to complete.

VA will only approve extended time off (more than 60 days) for medical reasons and other reasons deemed valid. We ask that you be cognizant of the VA program needs.

### **Illness or Emergency Notices**

Immediate notification is required when you need your assignments stopped or reassigned due to illness or for reasons of personal emergency.

**Note:** In the event that we are unable to reach you - please be aware that any cases during the period of your unavailability are subject to reassignment. If we are unable to get you to respond in 24 hours this will be considered a negative customer service finding and could lead to potential disciplinary action.

### **Conflict of Interest - VA Policy**

It is neither the desire nor the intent of VA to interfere in the private lives of fee appraisers or to infringe upon their personal liberties. It is appropriate, however, for VA to require that persons serving as fee appraisers not engage in private pursuits that conflict with their duties on behalf of the VA. Except as may be otherwise expressly authorized by VA regulations, instructions, or directives, VA requires that, as a condition for appointment and retention as an approved fee appraiser, any particular individual serving in such capacities shall not engage in any private pursuits where there may or will be:

- Any connection established that might result in a conflict between the private interests of the VA fee appraiser and his/her duties and responsibilities to VA and veterans.
- Any circumstances wherein information obtained from or through a VA assignment to appraise will be used to the detriment of the government or veterans.

### **Ethics Rule - USPAP**

USPAP requires that prior to accepting an assignment the appraiser must disclose to the client any services performed related to the subject property within the prior 3 years. This includes as the appraiser, listing realtor, selling agent, management broker, repair service, etc. Additionally, the appraiser must also report such information on the appraisal report. The appraiser is required to inform VA (as the client) prior to accepting the assignment.

If the appraiser indicates that he or she can perform the appraisal, they will be instructed to proceed with the assignment. If the appraiser indicates that he or she cannot perform the appraisal, the case will be reassigned to another. In either case the appraiser's timeliness will still be calculated from the point the appraiser received the assignment from the portal.

### **Payment Assistance Policy**

We will try to assist you after **you** have done everything possible to get your invoice paid. Contact the requestor of the appraisal by both phone and email. If you do experience payment problems, we will assist you with collection of fees that are over 60 days late. **Please send us an e-mail (39/va262@va.gov) containing a copy of your invoice (at least three documented attempts to collect your fees over a 60 day period). The email needs to contain - the individual's name and e-mail address with whom you have communicated.** The VA Fee Appraiser payment assistance request is required. This may be found at the following link:

<http://www.benefits.va.gov/denver/docs/PAYMENTASSISTANCE.pdf>

We will contact the lender to assist you with receiving payment. **Please advise us via e-mail once you have received payment, so we can delete from our records.**

A fee appraiser may **not** unilaterally require a "fee in advance" for any assignment. The decision to require "payment(s) in advance" of assignment completion **can be approved by Central Office only and only with evidence of contacts.**

**VA fee appraiser cannot (without specific written VA authorization) delay completion of an assignment or withhold release of a completed appraisal report because of untimely payment of an appraisal fee on a prior case.**

### **Cancellations**

Lenders must notify the fee appraiser **and** VA if a case is to be canceled or withdrawn. Any cases that are not cancelled or withdrawn will remain on your pending assignment list. If you advise us via the note system of the contact person cancelling or withdrawing case we will eliminate this from your pending cases.

A reasonable fee for partial work already performed may be charged at the discretion of the fee appraiser.

**Leasehold Estate and Co-op**

Leasehold Estate and Co-op are not eligible for VA appraisal request until approved by Central Office. Contact the RLC if you receive an assignment for a leasehold estate. This process is time consuming and can take several months for a decision. Do not under any circumstances proceed with this type of appraisal request without VA approval.

## Chapter 2 Fees and Timeliness

VA strives to be at the forefront of fees and be competitive with a quality and timely appraisal product.

The website for up-to-date fees and timeliness is:  
[http://benefits.va.gov/homeloans/appraiser\\_fee\\_schedule.asp](http://benefits.va.gov/homeloans/appraiser_fee_schedule.asp)

It is your responsibility to access your appraiser portlet and manage your appraisal request assignments. You should be accessing your appraiser portlet several times throughout a business day.

The only valid reason for subtraction of business days from the timeliness requirement is that a person or entity stopped you from meeting your VA timeliness. This has to be beyond your control.

Example:

- o Your timeliness is five business days.
- o You do not contact the POC on the 1805 until the 4<sup>th</sup> business day and are informed that the realtor is out of town until you have had the assignment for 7<sup>th</sup> business days. The 4 days that you did not contact anyone will count against your timeliness.
- o This means that the day you get access is the day you need to upload the appraisal to VA.

Appraisal Request in Portlet (if requested on Friday or weekend – Monday is day of receipt)*	1 <sup>st</sup> business day	2 <sup>nd</sup> business day	3 <sup>rd</sup> business day	4 <sup>th</sup> business day - You contact realtor and realtor not available until 8 <sup>th</sup> business day after assignment made in portal.	5 <sup>th</sup> business day	6 <sup>th</sup> business day	7 <sup>th</sup> business day	8 <sup>th</sup> business day. Realtor returns and allows access. Appraisal inspection completed.	9 <sup>th</sup> business day. Appraisal uploaded
	Counts towards timeliness	Counts towards timeliness	Counts towards timeliness	Counts towards timeliness	Does not count towards timeliness	Does not count towards timeliness	Does not count towards timeliness	Counts towards timeliness	Counts towards timeliness
Total	1	2	3	4				5	6

For this example timeliness would be 6 business days and a timeliness letter would be put in the appraiser performance file.

Holidays (10) that are not counted toward your timeliness business days are:

News Years Day	Martin Luther King Day	Presidents Day	Memorial Day	Independence Day	Labor Day	Columbus Day	Veterans Day	Thanks - giving	Christmas Day
----------------	------------------------	----------------	--------------	------------------	-----------	--------------	--------------	-----------------	---------------

**Note:** For your appraisal upload - Saturday and Sunday are not considered business days. Generally (unless there is a holiday) – Monday is the first business day and counts as a timeliness day on your timeliness count.

## Chapter 3 Veteran Information Portal

You can obtain a complete information guide to Appraisal Portlet by logging onto:  
[http://www.benefits.va.gov/homeloans/docs/appraisal\\_portlet.pdf](http://www.benefits.va.gov/homeloans/docs/appraisal_portlet.pdf).

If you are experiencing problems with any applications associated with the VIP you can e-mail the VIP Help Desk at [VIP@vba.va.gov](mailto:VIP@vba.va.gov).

If you are having difficulties uploading appraisals to the portal you may email appraisal to LAPP/SAPP lender if they request and then upload the appraisal to the portal on the next business day or as soon as possible. You must upload appraisal to portal so that the Notice of Value can be issued.

- **Appraiser Landing Page** - The Appraiser's Landing Page will display a short list of pending work. From this listing of pending cases, the appraiser may click through the list to view a selected case. The appraiser can view the list of cases assigned on My Appraiser Workspace.
- **Assignment Summary Page** - Appraiser will upload appraisals and sales contracts, modify property address, and update fee appraiser value estimate
- **My Appraisal Workspace** - The My Appraiser Workspace organizes the appraiser's workload in a manageable order. My Appraiser Workspace links to the appraiser's cases and personal information. On this page, appraiser may find cases and perform tasks.
- Appraisers must add notes to assigned cases regarding such things as timeliness delays which are outside their control and should not count against timeliness. To help address this issue, whenever you insert a case note regarding timeliness you must:
  - Indicate the name and phone number of the person you spoke to, the date you spoke to the individual and the reason for the delay. Only delays not under your control can be subtracted from your timeliness.

**Note: If you are documenting time delays or other information where VA does not do an active action – do not check this box.** The Notify RLC box should only be checked if there is an action that VA needs to take such as cancelling case. Providing clear information will help in understanding the reason for the delay.

## Chapter 4 Types of Appraisal Assignments

### Acceptable Appraisal Report Forms.

- Uniform Residential Appraisal Report (URAR), Freddie Mac Form 70/Fannie Mae Form 1004, if the property is a single-family residence, not a manufactured home or a unit in a condominium.
- Manufactured Home Appraisal Report, Freddie Mac Form 70B/Fannie Mae Form 1004C, if the property is a single-family manufactured home.
- Individual Condominium Unit Appraisal Report, Freddie Mac Form 465/Fannie Mae Form 1073, if the property is a condominium unit.
- Small Residential Income Property Appraisal Report, Freddie Mac Form 72/Fannie Mae Form 1025, if the property has two to four living units.
- Exterior-Only Inspection Residential Appraisal Report, Freddie Mac Form 2055/Fannie Mae Form 2055, for liquidation appraisals (only), when interior access cannot be obtained **and property is occupied.**
- Exterior-Only Inspection Individual Condominium Appraisal Report Freddie Mac 466/Fannie Mae 1075, for liquidation appraisals (only), when interior access cannot be obtained **and property is occupied.**
- Exterior-Only Individual Cooperative Interest Appraisal Report, Fannie Mae 2095 for liquidation appraisals (only), when interior access cannot be obtained **and property is occupied.**

**No other appraisal forms are acceptable for VA purposes.**

### Existing Construction

Existing construction is a property previously occupied or over 1 year old. Properties are appraised “as is” unless VA Minimum Property Requirement (MPR) repairs exist. MPR repairs would be listed and the property would be appraised “as repaired” - do not use “subject to inspection unless it is a structural issue.

New Construction – Check box in general description as “existing” on page 1 of URAR.

General Description				
Units	<input checked="" type="checkbox"/>	One	<input type="checkbox"/>	One with Accessory Unit
# of Stories				2.0
Type	<input checked="" type="checkbox"/>	Det.	<input type="checkbox"/>	Att. S-Det./End Unit
	<input checked="" type="checkbox"/>	Existing	<input type="checkbox"/>	Proposed Under Const.
Design (Style)				Multi-level
Year Built				2013
Effective Age (Yrs)				0
Attic	<input type="checkbox"/>		<input type="checkbox"/>	None
	<input type="checkbox"/>	Drop Stair	<input type="checkbox"/>	Stairs
	<input type="checkbox"/>	Floor	<input checked="" type="checkbox"/>	Scuttle
	<input type="checkbox"/>	Finished	<input type="checkbox"/>	Heated

The property must be 100% complete except for customer preference items like installation of appliances, countertops, and floor coverings. Properties are appraised in their “as is” condition. If there are customer preference items not completed - the appraisal would be “subject to the completion” of those items. Mark the “subject to repairs” box on page two of the URAR and list the items that need to be completed. If construction is anything other than completion of customer preference items, notify VA and the case will be cancelled until the construction has been completed.

### Alterations, Improvements, or Repairs

Assignment involves a veteran who already owns the property and wants to include certain alterations, improvements, or repairs in the appraised value. Request would have to include appropriate documentations (appropriate plans and specifications) for the alterations, improvements, or repairs being made. These would be included in the value estimate. The report is contingent upon these items being completed. Mark the “subject to repairs” box on the URAR

## **Common Interest Communities (Condominium and Planned Unit Developments (PUDs)**

Condominium project must be approved by VA prior to the property being appraised. Condominiums approved by VA are on the VIP Home Page. Website is: [vip.vba.va.gov](http://vip.vba.va.gov).

**All condominium appraisal reports must contain the remaining economic life in the reconciliation section of the appraisal report.**

It is the appraiser's responsibility to verify that the condominium is fully approved by VA prior to starting the assignment. **If you proceed without verifying that project is VA approved you may not get paid for the appraisal submission. The requestor may not be able to get the condominium project approved in a timely manner. This will make the appraisal unusable for a VA loan. This is our warning that we will not assist you in receiving a fee for the assignment.**

## **Proposed or Under Construction**

See Lender's Handbook Chapters 10 through 12.

[http://www.benefits.va.gov/warms/pam26\\_7.asp](http://www.benefits.va.gov/warms/pam26_7.asp)

The following supplemental guidelines are provided for reference:

**If the appraisal assignment is ordered as proposed or under construction**, you **must** be provided with a set of plans and specifications for your records. You then indicate on your appraisal that property was appraised per plans and specifications.

Plans and specifications must at a minimum include the following information:

- Specifications on VA Form 26-1852, DOM, or similar designed form signed by builder and veteran
- Plot plan, which includes location of well/septic, if applicable
- All exterior elevations
- Sectional wall details
- Foundation or basement plan
- Plan for all floors

The following certification must also be included for all proposed/under construction appraisal types:

### **Appraiser's Certification:**

The following appraiser's certification must be attached to all VA proposed cases:

*"I hereby certify that the information contained in [specific identification of all construction exhibits (e.g., Smith Construction Plan Type A, 9 sheets, VA Form 26-1852, plot plan by Jones, Inc.)] was used to arrive at the estimate of reasonable value noted in this report."*

Note: VA will accept HUD Form 92541, Builder's Certification of Plans, Specifications and Site, in lieu of this certification.

VA Circular 26-07-3 dated November 30, 2007, allows an appraiser to complete appraisal assignments for proposed construction from the model home instead of from plans and specifications. This is not applicable for "New Construction". Model must be:

- Fully completed
- The same plan type as the subject home
- Located in the same market area
- Readily accessible to the assigned fee appraiser

Appraisals for proposed or under construction cases are to be completed from either a complete set of plans and specifications **or from an inspection of the same type model unit.**

Note: If you need more information than the above items – contact your requestor by email and telephone. Please do not contact the C&V section.

If case is proposed or under construction and is being appraised from a model home, per instructions contained in VA Circular 26-07-03, the appraiser must include the following certification in the comments section at the bottom of page 1:

*Appraisal from Model Home. Value has been based on an inspection of a model home of the same plan type as the subject. Construction to be completed according to contract dated \_\_\_\_\_.*

## **Manufactured Housing on Permanent Foundation**

A manufactured home must be classified and taxed as real property. The unit must be properly attached to a permanent foundation system which is constructed to withstand both supporting loads and wind-overturning loads. It must substantially conform to VA MPRs (Chapter 12 of Lenders Handbook) and be acceptable to the building authority having jurisdiction.

Detailed instructions for manufactured homes attached to a permanent foundation are found in Lenders Handbook Chapter 12.10.

[http://www.benefits.va.gov/warms/pam26\\_7.asp](http://www.benefits.va.gov/warms/pam26_7.asp)

Other relevant information in regard to manufactured housing appraisals includes the following:

- Appraiser must state on the 1004C (Manufactured Home Appraisal Form) that the subject manufactured home is or is not on a permanent foundation (including a permanent perimeter enclosure).
- If the subject manufactured home is not on a permanent foundation, appraise it as if it were on an acceptable permanent foundation and condition your URAR “*subject to repairs . . .*”
- The sale of other manufactured homes on permanent foundations shall be used as comparables in the market data analysis. If the appraiser’s report states that such comparables are not available, the appraiser may use the best comparables available and adjust as appropriate in the market grid.
- Perimeter enclosures must meet the requirements of the local authority and additionally must
  - Be solid.
  - Have adequate ventilation.
  - Have an access to the crawl space.
  - You must view the crawlspace. If there is no access to the crawl space, contact the requester and advise the requester that they have to make arrangements for access.
- The tongue, wheels and axles must be removed and the title to the unit purged by the local authorities. Property must be deemed as real estate for VA Loan Guaranty program. Be sure to condition your URAR accordingly (“*subject to removal of . . .*”)

## **Liquidation Appraisals**

Detailed instructions outlining specific VA requirements for performing liquidation appraisals are found in the Lender’s Handbook, pages 11-27 through 11-30. The following highlights are offered for emphasis. ***The liquidation appraisal timeliness standard has been established at 5 business days because of the attendant cost to the government and taxpayers and to avoid foreclosure if possible.*** We have extended the five days for some areas in our jurisdiction and are identified on this website: [http://benefits.va.gov/homeloans/appraiser\\_fee\\_schedule.asp](http://benefits.va.gov/homeloans/appraiser_fee_schedule.asp)

The value indicated on the liquidation appraisal report is an important tool in determining foreclosure avoidance. The savings to the government can be substantial every time we are successful in providing alternatives to foreclosure.

## **Leasehold Estate and Co-Op**

Not eligible for VA appraisal request until approved by Central Office. Contact the RLC if you receive an assignment for a leasehold estate.

## Chapter 5 Fee Appraiser Responsibilities'

The fee appraiser is responsible for all aspects of the appraisal process.

**Important: Certain key appraisal functions may not be delegated to anyone else. Failure to comply with this requirement will be grounds for immediate disciplinary action.**

The fee appraiser assigned by VA must **personally**

- Visit and observe the interior and exterior of the subject property and the exterior of each comparable. (The sole exceptions are on liquidation cases where entry to the subject property has been denied or may otherwise not be possible).
- Complete the Market Data Analysis
- Reconcile and make the final value estimate, and
- Sign the appraisal report as the appraiser.

VA fee appraisers must comply with USPAP standards and VA policy concerning assistants. An appraiser who has relied on significant professional assistance from any individual in the performance of the appraisal or the preparation of the appraisal report must name the individual and the specific tasks performed. Documentation must be in the reconciliation section of the report.

VA will allow an assistant to sign a report as an assistant in order to document qualifying experience for future licensing and certification purposes. However, even in this situation, the primary signatory on the report must be the authorized fee appraiser. Failure to comply with VA's requirements in this area will constitute a basis for removal from the fee panel immediately.

### **Preparing the Appraisal Report**

- The VA Case Number must be placed in the upper right hand corner of the URAR and on all addenda included in the appraisal report.
- The lender's name will be entered in Lender/Client field along with Department of Veterans Affairs or (VA) on page 1 of the appraisal report.
- Enter the address of the lender in the in the Address field on page 1 of the appraisal report.
- Enter the name of the Veteran purchaser in the Borrower field on page 1 of the appraisal report.



**Note: If the appraisal report is being completed for liquidation appraisal purposes, the appraiser is to enter N/A in this field.**

### **Guidelines for Communicating with Parties of Interest**

Appraisers must communicate the Tidewater Initiative VA Circular 26-03-11. The Circular is not an allowance for the POC to argue or berate you over your appraisal. It is an allowance to give pertinent market data.

Fee appraisers may not discuss valuation, conditions, or any other issues relating to the contents of their completed appraisal reports with anyone except VA staff or the SAR.

**This includes any oral communication.**

Any party of interest may contact fee appraisers only to inquire about the status of the assignment and the expected time frame for completion. If one of these other parties attempts to engage you in a discussion of the appraisal contents, you should **politely decline to discuss the report** and refer them to the LAPP SAR or to VA. If you receive an inquiry regarding your report or value you should politely explain the reconsideration of value process can be coordinated best and most efficiently through the lender or VA.

## **Liquidation Appraisals**

### Conducting the Appraisal - Occupied Properties

- Appraisers must make three reasonable attempts to gain access.
- These attempts must include telephone calls and a visit to the property.
- These attempts must be made at various times during the day on different days.

You may complete an “exterior only” appraisal if:

- A property is occupied and you have made three reasonable attempts to contact the owner/occupant for access and have been unsuccessful. **Make sure you properly document all attempts at access (time, date and person’s name).**
- If lender/servicer states you must gain access on an occupied property – the lender/servicer must get you in within your five day timeliness requirement. Your appraisal is due to VA within five business days – no matter what lender/servicer advises. If the lender/servicer cannot get you in within five days – upload the appraisal. If lender/servicer requires an interior observation – the lender/servicer must pay for an additional visit to the property and your revised appraisal report.

Example of reasonable attempts (occupied properties). These attempts must be on different days and at different times during the day but within your five day timeliness.

Any combination of three examples counts toward your reasonable attempt:

<p>Example of three reasonable attempts.</p>	<p>You have called every number noted on the 26-1805. (First day of assignment at 5:00 p.m.)</p> <p>Counts as a reasonable attempt. .</p>	<p>You have emailed to address given to you on the 26-1805. (Second day after receiving assignment emailed at 8 a.m.)</p> <p>Counts as a reasonable attempt.</p>	<p>You have made appointment(s) and/or visited the property without an appointment and did not gain access. (4<sup>th</sup> Day after receiving assignment. Appointment made or property visited at noon.)</p> <p>Counts as a reasonable attempt and equals a total of three attempts in this example. Complete appraisal and upload by the end of the 5<sup>th</sup> business day.</p>
--	---	--	---

- When you are unable to gain interior access, make every reasonable effort to verify the interior condition. If this information is not accessible, you are to make reasonable assumptions about the interior condition.

### **Conducting the Appraisal - Vacant Liquidation Properties**

- You must gain proper and legal access to all vacant properties;
- If you are having difficulty gaining entry to a vacant property (i.e. no contact info on 1805, wrong keys, etc.) you should e-mail the Regional Loan Center for assistance at: [39/va262@va.gov](mailto:39/va262@va.gov).
- Your timeliness on these assignments starts once access to the interior has been granted. You have five business days (unless the RLC has stated otherwise). Make sure you document all access attempts and the date you are given access.
- VA may grant exterior appraisal on vacant properties on a case-by-case basis. C&V management will provide a written authorization with written instructions if it appears that lender/servicer will not provide acceptable assistance.

### **URAR Must Be “As Is”**

All liquidation appraisals will be performed considering the subject property in its present “as is” condition. It is important to understand that by “as is” we simply mean that the property is to be considered as it presently stands with whatever physical inadequacies may exist, if any. Furthermore, the term “as is” does not imply that the property is necessarily in a poor state of repair. A property that is in a good state of repair with no

physical inadequacies is also considered “as is.” Fee appraisers are to make appropriate adjustments in the sales comparison analysis to reflect needed repairs and/or physical inadequacies present in the subject property at the time of the appraisal. Both required MPR repairs **and** non-MPR (or cosmetic) repairs should be considered if they will enhance the value or marketability of the property.

The fee appraiser will provide an itemized list of all repairs (MPR and non-MPR) that affect the marketability of the property. The itemized list will provide the estimated cost to cure and the contributory value of each repair. In estimating the contributory value - cost does not always equal value. In some cases, several individual repair items must be considered in the aggregate before they are recognized by the general real estate market as contributing to value. The required format for the repair list is included as part of the attached **Liquidation Appraisal Addendum-Addendum A**.

**Selection of Comparable**

Comparables must be the best available in the subject’s market area, considering typical transactions and actions of typical buyers and sellers. It is the appraiser’s responsibility to document and convince readers of the report that you have selected the most credible comparables. If VA or a SAPP SAR has questions – it is your responsibility to answer the questions.

**Required Liquidation Addendum**

In addition to the itemized repair list and the documentation on access attempts, the Liquidation Appraisal Addendum requires the following additional information:

Emergency Repairs	Occupancy Information
<p>Beyond the MPR repairs and non-MPR repairs as discussed above, the fee appraiser must also provide a list and cost estimate of any emergency repairs that are required to preserve or protect the property from vandalism, extreme weather conditions or to protect the public.</p>	<p>If <b>vacant</b>, recommendations for draining the heating and plumbing systems, shutting off power, and locking doors and windows (this information may be included with the “emergency repairs”).</p> <ul style="list-style-type: none"> <li>• If <b>owner-occupied</b>, the occupant’s name.</li> <li>• If <b>tenant-occupied</b>, the tenants/occupants’ name(s), period of occupancy, lease terms and expiration date, monthly rental, dates of payment and to whom payable.</li> </ul>

**Analysis of Competitive Listings or Contract Offerings**

All liquidation appraisal cases must have information on at least three competitive listings or contract offerings considered the most similar and proximate to the subject property. This information is intended to lend additional support to the comparables and value estimate and must make sense. It is also intended to assist in ensuring that fee appraisers are reconciling the closed sales data with current market conditions.

Note that an “analysis of listings and offers” is required, as part of the Liquidation Appraisal Addendum. Make sure that your listings and offerings support your value. If they don’t support your value – explain why you provided.

## Repair Inspections

When a NOV is issued that includes repairs the lender will need to provide you with a copy of the NOV. Generally this will only happen on purchases and refinances.

In these cases:

- You should be careful to address the repairs **as stated on the Notice of Value (not)** as they were stated on your URAR - some of them may have been changed).
- Your certification to clear required repairs, are to be submitted on your letterhead and uploaded to the Portal. This is done via your appraiser portlet under:
  - My Appraiser Workspace>Correspondence History.
  - Document Type should be "Repair Inspection Report".

UNITED STATES  
DEPARTMENT OF VETERANS AFFAIRS

Search All VA Web Pages  
Search  
Open Advanced Search

VA Home VIP Home Veteran Services Business About VA Media Room Locations Contact Us Logout

Home > My Appraiser Workspace > Correspondence History

### Correspondence History

Assignment Number: 39-39-6-0896474    Assignment Date: 09/30/2013    RLC: 339  
Appraisal Type: LAP-Refinance    Status: Appraisal Pending Review    Status Date: 10/15/2013

#### Documents Upload

Document Type: Repair Inspection Report  
File to Upload:  Browse...  
Submit    Reset Form

#### Documents Upload History

1 Correspondence(s)

Date Uploaded / Generated	Document Type	Document Name	Revision Comments	Correspondence Type	User Preparing Correspondence
10/15/2013 16:27:20 CDT	<a href="#">Appraisal Report</a>	UAR39-39-6-0896474.pdf	N/A	DOCRECD	Valerie Martinez

VA Home | Privacy Policy | FOIA | Web Policies | No FEAR Act Data | Site Index | USA.gov | White House | National Resource Directory | Inspector General  
U.S. Department of Veterans Affairs - 810 Vermont Avenue, NW - Washington, DC 20420  
Reviewed/Updated Date: October 15, 2013

- Fee appraisers are **not** authorized to accept or approve a request for waiver of repairs or other appraisal conditions. Such requests must be sent to VA for review.
- Any party of interest **may** contact fee appraisers for clarification of repair requirements and/or to schedule repair inspections. You should cooperate with any such requests.

## Chapter 6

### VA Appraisal Report Requirements

Effective January 1, 2012, VA appraisal reports utilizing Fannie Mae Forms 1004, 1073, 1075, or 2055 must be Uniform Appraisal Dataset (UAD) compliant. Please see VA Circular 26-11-14 dated September 26, 2011 for full instructions. This Circular is located on the VA website at: <http://www.homeloans.va.gov/new.htm>

#### **Definition of Market Value**

The most common definition of value used for real estate appraisals in the U.S. is referred to as *market value*, *fair market value*, or sometimes *true market value*. The definition set forth in U.S. Federally regulated lending institutions is used by VA, although other definitions may also be used under some circumstances:

The most probable price (in terms of money) which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby: the buyer and seller are typically motivated; both parties are well informed or well advised, and acting in what they consider their best interests; a reasonable time is allowed for exposure in the open market; payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

#### **USPAP**

Every VA appraisal must meet the Uniform Standards of Professional Appraisal Practice (USPAP) requirements for a complete appraisal, but may be issued as either a Self-Contained or Summary Appraisal Report.

You are expected to view all aspects of the subject property in accordance with generally accepted appraisal practices. During the course of conducting your appraisal, you are to note any readily observable property conditions that fail to meet VA's Minimum Property Requirements (MPR's).

#### **Property Visit**

You are not expected to enter attics or crawl spaces. You should do a head and shoulders observation. You are expected to use a flashlight to view the condition of both the attic and crawl space to determine if there is any visible evidence of deterioration, structural problems, moisture, etc.

Photos must be provided as support for indicated deficiencies or as support for some external obsolescence adjustment.

#### **Selection of Comparable Sales**

The selection of comparable sales in residential valuations is one of the most critical aspects in determining the estimated value for the property. It is paramount the appraiser have geographical competence necessary in the market area of the subject property to research and analyze comparable sales. Comparable sales must be within generally accepted parameters for all elements of comparison. Deviation from these generally accepted parameters must be fully documented. It is imperative that information indicated on page 1 be consistent with information contained in the market grid on page 2 and throughout the entire report. This and all areas of your report must reflect consistency in information being provided.

## **Approaches to Value**

### **Sales Comparison Approach:**

For most VA appraisals, this approach will be your primary, if not exclusive, indicator of final value. Key points to keep in mind:

At least three (3) *confirmed closed sales* of comparable properties must be utilized. Ideally, the comparable sales should bracket the subject's Gross Living Area (GLA) and estimate of value. If the sales do not bracket the value conclusion, a supporting explanation and/or additional closed sales, pending sales, or listing data are required. If you are using more than three confirmed sales – make sure they support your report.

It is imperative that information indicated on page 1 be consistent with information contained in the market grid on page 2 and throughout the entire report. This and all areas of your report must reflect consistency in information being provided.

Additional current sales data may be required (Closed, Pending, Listing) under the following circumstances:

- If two of the three sales have closing dates older than six (6) months.
- When the adjusted values indicated by the comparable sales are too widespread (total spread, high or low, exceeds 15%), or are inconclusive.
- If two of the three sales required excessive adjustments.
- When the market is declining/increasing, and additional support for a time adjustment is required. When the market is declining or increasing, you must provide comparable listings to support your market trends and any adjustment for date of sale.

### **Income Approach:**

If the appraisal involves an income-producing property (more than one living unit), the appraiser will use value estimates developed through the income approach including the rental comparison grid, and the sales comparison approach in the final reconciliation.

**Note: The supplemental Income/Expense form is not required for VA purposes.**

### **Cost Approach:**

VA does not *require* you to complete the cost approach to value on any proposed, new, or existing property, unless you believe it is relevant to your assignment. Since the residential real estate market does not base transaction decisions on a property's reproduction or replacement cost, the cost approach to value may only be used to support the sales comparison approach in the final reconciliation. This may be warranted in rare situations (due, for example, to some unusual aspect of the subject) where the comparable sales alone do not provide an adequate indication of value.

**Note: If you indicate a site value on the URAR you must complete the entire cost approach. For VA purposes - It is not necessary to complete the site value and cost approach for existing properties. If you decide that you are going to use the cost approach – the entire cost approach must be completed.**

## Reconciliation

- Final Estimate of Market Value should generally be the same as the indicated value by sales comparison approach (as explained in the above “Note”). The effective date of the report should be the date the property was inspected.
- Report must be signed and dated. Provide your VA Appraiser number next to your signature. Provide your State Certification or License number in the space indicated.
- The Supervisory Appraiser section is not used for VA purposes.

**Note:** Remember that VA relies exclusively on the sales comparison approach to value (except in very unusual circumstances involving inadequate or no comparable sales available or an extremely unique property). Provide a statement on how you reconciled to your indicated value estimate. It should never exceed that indicated by the sales comparison approach.

## Additional Comments

Provide any additional comments needed in order for the reader to fully understand your report.

## Planned Unit Development (PUD) Information

Complete all applicable sections if the property is located in a PUD.

If you indicate there is a PUD in this area of the first page of the URAR:

SUBJECT	Neighborhood Name	Copperleaf	Map Reference	350/11/13	Census Tract	0859.00
	Occupant	<input type="checkbox"/> Owner <input type="checkbox"/> Tenant <input checked="" type="checkbox"/> Vacant	Special Assessments \$	0	<input checked="" type="checkbox"/> PUD	HOA \$ 69 <input type="checkbox"/> per year <input checked="" type="checkbox"/> per month
	Property Rights Appraised	<input checked="" type="checkbox"/> Fee Simple <input type="checkbox"/> Leasehold <input type="checkbox"/> Other (describe)				
	Assignment Type	<input checked="" type="checkbox"/> Purchase Transaction <input type="checkbox"/> Refinance Transaction <input type="checkbox"/> Other (describe)				

You must fill out this area on the third page of the URAR:

PROJECT INFORMATION FOR PUDs (if applicable)	
Is the developer/builder in control of the Homeowners' Association (HOA)?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Unit type(s) <input checked="" type="checkbox"/> Detached <input type="checkbox"/> Attached
Provide the following information for PUDs ONLY if the developer/builder is in control of the HOA and the subject property is an attached dwelling unit.	

If you indicate “No” for the first box – no further information is required. If you check “Yes” and the unit type is attached – you must fill out the rest of the form. If the unit type is detached (as with this example) – no further information is required.

## Valuations Below the Contract Sales Price

This process is typically referred to as the Tidewater Initiative. (See VA Circular 26-03-11). If you determine your final market value will be less than the contract sales price you must:

- Contact the indicated Point of Contact (POC) shown on VA Form 26-1805 in block 30. If no POC is indicated contact the requestor.
- Ask the POC if they or any party of interest to the transaction have any additional data they would like you to consider. You are not to provide any other information or discuss the contents of your appraisal.
- Give the POC two workdays to provide information. If no information is forthcoming, complete your report and upload.

This is considered the day you invoked tidewater and needs to be documented

- Information must be submitted to you in a format similar to the comparable sales grid and must include sales verification data.
- Review and analyze this additional data and complete your report based upon your findings.
- Comment on the additional sales submitted. Here you must state the reason(s) for either not using this additional information or show how this additional information did not support an increase.

- Make sure you **document** the date you contacted the POC, the date the information was provided, and then upload your report. The date you contact the POC must be within your timeliness standard.

### **Minimum Property Requirements (MPR)**

Basic MPRs for existing and new construction are that the property be safe, sanitary and structurally sound. For detailed information regarding VA MPRs please refer to Chapter 12 of the Lenders Handbook.

Here is the link for Chapter 12 of the Lenders Handbook.

[http://www.benefits.va.gov/warms/pam26\\_7.asp](http://www.benefits.va.gov/warms/pam26_7.asp)

Failure to identify an MPR is considered a substantive error for the appraiser.

Note: You are not to require certifications from professionals regarding potential repair problems. Example: If you note damage to the roof, you are not to ask for a roofing certification. You need to specifically require the damage part or the entire roof be repaired or replaced, based on severity of the damage. For serious functional or structural problems, you may call for a structural engineer inspection report, which addresses specific problem(s).

### **MPR Repairs Identified Via “Third Party Sources”**

Questions have arisen regarding when should an appraiser use “third-party sources” in calling for VA MPR repairs. In general we expect these would be limited to those cases that are safety related. For example, if an appraiser were provided a Home Inspection Report that cites a cracked furnace plenum, it would be acceptable for the appraiser to cite the report and list the repair as a “life-safety issue”. While we do not want appraisers referring to certifications to avoid making a call on repairs, we also want to recognize that, in many instances, they may not be technically qualified to make a call. In this cited instance, they would not likely even see the cracked plenum, but it certainly needs to be recognized if available.

Items such as smoke detectors, CO2 monitors, radon or radiation detectors are not considered MPR items. We consider these to be code compliance issues and we are not a code enforcement agency. These then would not be listed as MPR items.

Cosmetic repairs are not to be considered when identifying MPRs. These cosmetic items would be considered in the overall condition rating of the property.

Items listed in the contract as going to be replaced will not be shown as MPR items unless appraiser notes deficiencies in these items. Appraiser would then show these item(s) as MPR item(s).

### **Appraisal Exhibits**

- Improvement Sketch
- Each residential area of the property must have a sketch indicating perimeter measurements for all sides of the dwelling, detached garages, deck(s) and porch(es). You must show the location of each room on the sketch. You are not required to define the locations of the walls.
- Indicate the Gross Living Area
- Pictures
- In proposed construction cases, a front view photograph of each comparable is required but photographs of the subject property are not required if there are no improvements under construction.
- If the property is in a condominium more than three units high, no photographs of the comparables are required, provided they are located in the same project as the subject property and are substantially identical to the subject property.

- Photographs of the subject property showing a front and back view (preferably including a different side view in each photograph) and the street scene.
- Photographs of the kitchen, all bathrooms, main living area, examples of physical deterioration, if present, and examples of recent updates, such as restoration, remodeling, and renovation, if any.
- Front view photograph of each comparable sale. Photograph of any significant locality influence that affects subject property value (example: views, freeways, businesses, etc.).
- Photograph of any significant defect.
- Location Map. A legible location map is required showing the location of the subject property and all comparable sales/listing being used. Please provide adequate directions to subject and all comparables, if an adequate map is not available.
- A copy of the appraisal invoice must be included preceding the report.
- Market Conditions Addendum to the Appraisal Report.
- Uniform Appraisal Dataset Definitions.
- An itemized list of any observed repairs required to be completed, customer preference items to be installed, or conditions to be corrected for the property to meet VA MPRs.

## **Chapter 7**

### **LAPP and SAPP Appraisal Issues**

#### **The Role of the LAPP and SAPP Staff Appraisal Reviewer (SAR)**

The SAR functions are equal to the VA Appraiser employed at the VA Denver Regional Loan Center. Please cooperate with the SAR in a professional manner.

The SAR must ensure that:

- The URAR and all required attachments and addenda are complete and correct.
- The appraiser's methodology is appropriate and reasonable and that conclusions are consistent with data.
- The appraiser has complied with current VA instructions.
- The appraiser's market value is consistent with the current standard definition of market value and VA's regulatory definition of reasonable value.

#### **Contact and Cooperation with the SAR and Appraiser**

LAPP SARs are expected to take reasonable steps to resolve problems detected during their appraisal reviews. While branch office staff and authorized agents may contact the fee appraiser about the timeliness or status of a particular appraisal, only the SAR may contact the fee appraiser to discuss valuation matters.

LAPP SARs should contact VA fee appraisers directly when any information, or methodology, or conclusion contained in an appraisal report requires clarification, correction, or additional support in order for the SAR to make a prudent decision on the reasonableness of the fee appraiser's market value estimate.

VA fee appraisers are expected to be cooperative with the SAR concerns regarding the content of appraisal reports. VA should not be considered a "referee" between the lender and fee appraiser in resolving routine issues.

If a SAR determines that there are substantive problems and are not correctable through reasonable interaction with the appraiser - the lender will document issues and notify VA and request the appraisal report be reviewed by VA. The lender's submission will include a written report clearly outlining the difficulties encountered.

## Chapter 8

### Reconsideration of Value (ROV)

Detailed instructions for handling ROV requests are provided in Chapter 13, of the Lenders Handbook, Section 13.09.

#### **Fee Appraiser Role**

When appraisers receive a request from either the lender or VA the fee appraiser will:

- Complete as quickly as possible and meet the timeliness requirement outlined in the correspondence from the VA staff member.
- Review all data and prepare a written recommendation. This must be adequate and reasonable by professional appraisal standards.
- Place sales considered comparable on a market grid and properly adjust for differences to the subject.
- If the sales are not considered comparable, you may submit a narrative why sales were not used and why they are not comparable or not better than the sales used in your original report.
- If the new data being considered results in a value change to your appraisal report, please re-upload your ***entire new appraisal*** (indicate in your narrative why the change was made) to the VA portal and document notes in the appraiser portlet. Send an email to [39/va262@va.gov](mailto:39/va262@va.gov) advising that the reconsideration has been uploaded.
- If data provided does not support an increase send your narrative detailing the reasons why the data could not be used to support an increase via e-mail to the Regional Loan Center and to the lender.
- The appraiser must prepare an updated report using one of the three reporting options in USPAP AO-3. This new report can be generally restricted to analysis of the new data and should reference the original URAR as noted in AO-3 under "Reporting Requirements" paragraph 3.
- Refer to **VA Circular 26-04-04** for further guidance.  
[http://www.benefits.va.gov/HOMELOANS/resources\\_circs\\_prev.asp#2004](http://www.benefits.va.gov/HOMELOANS/resources_circs_prev.asp#2004)

#### **Allowable Fees**

The fee appraiser may charge a reasonable, mutually negotiated fee for a value reconsideration based on information that was **not** available to the appraiser at the time of the original appraisal (newer closed sales, for example). A reconsideration of value based on market data that was available (but not used) at the time of the original appraisal is the responsibility of the appraiser (i.e., **no** additional fee may be charged).

## Example

**Note:** Any revisions, corrections, or clarifications made by a fee appraiser to the appraisal report must be uploaded into the Portal. Appraiser must upload the entire report, to include any new information and not upload simply the new information, as this will delete the initial report.

Also, please use your Appraiser portlet to add a note and check the box Notification Indicator: Select to Notify RLC.

The screenshot shows a web browser window displaying the VA Department of Veterans Affairs appraiser workspace. The page title is "UNITED STATES DEPARTMENT OF VETERANS AFFAIRS". The breadcrumb trail is "Home > My Appraiser Workspace > Notes".

**Assignment Information:**

- Assignment Number: 39-39-6-0896474
- Assignment Date: 09/30/2013
- RLC: 339
- Appraisal Type: LAP-Refinance
- Status: Appraisal Pending Review
- Status Date: 10/15/2013

**Add Note Form:**

- Access Indicator:  Public
- Notification Indicator:  (Select to Notify RLC)
- Note Type: Other (see notes) [dropdown menu]
- Note Text: Value Reconsidered. Increase warranted. See uploaded URAR.

**Notes History:**

Date	Note	Public Indicator	Author
09/30/2013 14:44:10 CDT	not available.	NO	LGYVALEM
09/30/2013 14:45:07 CDT	not available	NO	LGYVALEM
09/30/2013 14:45:47 CDT	not available	NO	LGYVALEM
09/30/2013 14:46:09 CDT	not available	NO	LGYVALEM
09/30/2013 14:47:19 CDT	not available	NO	LGYVALEM
09/30/2013 14:48:28 CDT	not available	NO	LGYVALEM

Footer: U.S. Department of Veterans Affairs - 810 Vermont Avenue, NW - Washington, DC 20420. Reviewed/Updated Date: October 24, 2013.

## **Chapter 9**

### **Special Property Considerations**

#### **Farm Residences and Outbuildings**

VA does not make “farm loans.” However, veterans can purchase a farm property for residential use. For VA purposes, no value is to be given to the value of livestock, crops or farm equipment.

When appraising acreage sites, your value will be based on the number of acres in the site being conveyed and no longer will be assessed against what is typical for the area. For example, if the subject property is 40 acres you would value the entire 40 acres. Ideally you should be using similar acreage comparable sales. Lacking these sales, you would make proper adjustments to all comparable sales for differences in the site size.

When appraising acreage sites with outbuildings, you are now to value these outbuildings based on their residential contribution to the property being appraised.

#### **Additional lots**

If a site has more than one lot:

- additional lots must be contiguous
- Under the same ownership
- Conveyed as one entity to the purchaser

Your appraisal is to include all conveyed parcels.

Site is to be valued as a “single real estate entity”.

#### **Personal Property Items**

When determining whether to value items such as swimming pools and hot tubs, you need to make a determination if such items are typical and customary in the market area. If they are, you are to include such items in your appraised value. Items like built in and wired directly into the house can also be included in value.

Items such as drapes, non-attached rugs, furniture, etc. are considered personal property and cannot be included in your value.

#### **Properties Near Airports**

Appraisal report must indicate information relating to airport noise and safety zones issues.

See Lenders Handbook, Chapter 11, topic 12 – Properties Near Airports.

[http://www.benefits.va.gov/WARMS/pam26\\_7.asp](http://www.benefits.va.gov/WARMS/pam26_7.asp)

#### **Summary of Requirements for Appraisers**

1. The fee appraiser’s market data analysis must include a consideration of the effect on value, if any, of the property being located near an airport.
2. Sound attenuation features must be built into the dwelling to bring the interior DNL of the living unit to 45 decibels or less.
3. Available comparable sales must indicate market acceptance of the subdivision in which the property is located.

## **Properties Subject to Flooding**

Website for full explanation- Chapter 13:

[http://www.benefits.va.gov/WARMS/pam26\\_7.asp](http://www.benefits.va.gov/WARMS/pam26_7.asp)

Special Flood Hazard Areas (SFHAs) are those areas in 100-year floodplains delineated on Federal Emergency Management Agency (FEMA) flood maps. SFHAs are usually designated Zones A, AO, AH, AE, A99, VO, VE, or V. Older maps use numbered A and V Zones (for example, A2, V30).

The appraiser must:

- Check FEMA flood map(s) for the area in which the property is located.
- Notify VA and the lender if it appears that the property may **not** be eligible for VA appraisal because it is:
  - proposed or new construction and there is an indication that the elevation of the lowest floor is below the base flood level (100 year flood level). See 24 CFR 200.926d(c)(4), or
  - there is an indication that it is subject to regular flooding, for whatever reason. Regular flooding would cause the property to not meet VA Minimum Property Requirements whether or not it is located in a SFHA.
- If the property is eligible for appraisal and located on a flood map
  - Identify the map number and flood zone on the appraisal report, whether or not the property is located in a SFHA.
  - If any part of the dwelling is in a SFHA, provide appropriate information in the "Site" section of the appraisal report.

Failure to identify flood zone is considered a substantive error for the appraiser.

## **VA Partial Release of Security**

If you are asked to complete this type of assignment by a VA staff member - you must indicate that you are competent to perform this assignment. Your report must contain three values. The estimated reasonable value of:

- The entire property on an "as is" basis
- The described parcel to be released
- That portion of the property which will remain as security, after release of the parcel described. This must include any positive or negative consequences of said diminished land area, i.e. access, allowed developmental density, LNCU, impact on setbacks, views, privacy, future development, etc.

## Chapter 10

### Key Points of a Good Appraisal Report

The following is not all inclusive. All appraisal reports must be complete, correct, cogent, consistent, concise, comply with USPAP, industry, and VA requirements. Credibility is the expectation.

#### **Key Points**

Has the appraiser:

- Properly analyzed and reported prior sales history for both the subject and the comparable sales. This process is fundamental to the appraisal process?
- Adequately discussed the prevalence of sales/financing concessions, made adjustments for these concessions in the market grid, if appropriate and explained why or why not adjustments were made?
- Properly analyzed and reported neighborhood trends and made appropriate and supportable market value adjustments, when needed?
- Made sure the information contained on pages 1 and 2 and throughout the report is consistent and not misleading?
- Made sure all market grid adjustments are consistent?
- Fully explained and supported all large adjustments in the market grid?
- Used comparable sales data that complies with generally accepted industry standards relating to location, style, square footage, site, etc. or properly explained why deviations were necessary and provide support required adjustments?
- Fully explained the logic and rationale used in reconciling the comparable sales data when arriving at the indicated value?
- Properly verified and documented data sources?
- Kept the focus of the appraisal on pertinent valuation issues and avoided excessive and unrelated “boilerplate” comments.

#### **Some Common Deficiencies Noted During VA Quality Reviews**

- Appraiser not providing a proper analysis of prior sale history for subject and comparable sales.
- Appraiser checking declining or increasing market and not making a time adjustment for date of sale or not providing logical explanation why adjustment was not required.
- Appraiser not properly addressing prevalence of sales/financing concessions and not explaining adjustments or lack of adjustment for any concessions relating to the comparable sales.
- Appraiser using all builder sales when appraising new and proposed construction. The use of all builder sales, without a very detailed explanation is simply not appropriate, as it is only reflecting this builder’s sales market.
- Appraisers using dated sales and providing no logical explanation.
- Appraiser using sales of different design and appeal without any logical explanation.
- Appraiser not following “Tidewater” Initiative instructions.
- Appraisers not providing comparable listings to support either “declining” or “increasing” market conditions. If your comparable sales are very recent and there is no support for making any time adjustment, please state this fact. We need to know what your rationale is when either making or not making an adjustment when you make either “declining” or “increasing”.
- Appraiser making inconsistent adjustments on the market grid.
- Appraiser statements not consistent throughout the report.
- Appraiser not providing support when making large adjustments.
- Appraiser not **verifying** information obtained from “data source”.
- Uniform Appraisal Dataset Definitions missing.

## Chapter 11 VA Quality Control

### **Desk and Field Reviews of Appraisal Reports**

We conduct desk quality reviews randomly on a percentage of your appraisal reports. Reviews are completed by VA staff and SARs who work for lenders approved by VA under the Lender Appraisal Processing Program (LAPP) or Servicer Appraisal Processing Program (SAPP). We also conduct appraisal field reviews on a percentage of each appraiser's work.

If you receive either a letter or an e-mail relating to a negative quality or timeliness finding and you are asked to provide a response - you must submit a response. Failure to do so could result in disciplinary action. Please use these letters, e-mails or phone call(s) as a training tool and incorporate into your future assignments.

The review process is completed to verify:

- The report was submitted timely.
- The appraiser's conclusions of value are consistent, sound, supportable, and logical.
- The report was prepared in accordance with Uniform Standards of Professional Appraisal Practices (USPAP) standards and all VA instructions. In addition, all appraisal reports are subject to field review by VA staff or by the LAPP lender.

### **Quality Control and Standards**

All appraisal reports are reviewed for both timeliness purposes and work quality. Findings will be for timeliness and/or quality and will be classified as a negative work quality or a negative timeliness finding. All negative work quality findings are further categorized according to their significance into *substantive or non-substantive* findings.

Repetitive timeliness issues brought to the appraisers attention is considered as detrimental to the Loan Guaranty Program.

Timeliness Offense	Action by VA	Your Action
1 <sup>st</sup> notice of timeliness problems. (Example of an offense 3 or more timeliness notifications in one month.)	Notification to you and automatic withholding and/or reduction of assignments for 30 days.	Develop a plan to meet VA's timeliness with 15 calendar days.
2 <sup>nd</sup> notice of timeliness problems within one year	Notification to you and automatic withholding and/or reduction of assignments for 60 days.	Schedule meeting with Valuation Officer/Assistant Valuation Officer.
3 <sup>rd</sup> notice of timeliness problem with one year	Notification to you and automatic investigation and request for your resignation. If resignation not received within 15 business days - VA will proceed with a limited denial of participation for one year. This LDP will be provided to other government entities including HUD and Rural Housing. At the end of the year you may reapply for VA fee panel. Your application will be considered with other applicants and will depend on VA's need for appraisers in the geographic area.	Your resignation. If resignation not received in 15 business days – VA will proceed with a limited denial of participation (LDP) for one year.

A *non-substantive* finding is generally one in which VA has determined that the fee appraiser made a relatively minor error of fact or methodology that did not impact the final value or the reported condition of the property. Examples include, but are not limited to:

- Failing to provide required information on the URAR (e.g., remaining economic life, HOA dues, trending statement, etc.).
- Misreporting of distances between subject and comps.
- Inconsistency within the URAR.\*\*
- Inconsistency in making line item value adjustments.\*\*
- Failing to adequately describe reasoning in support of large adjustments.\*\*
- Making unsupported time adjustments.\*\*
- Indicating an increasing market and not making a time adjustment on dated comps or not providing reasoning for not making time adjustment.\*\*
- Making insupportable or “wrong-way” adjustments (plus instead of minus).\*\*
- Not properly addressing sales/financing adjustments.\*\*

\*\* Depending on the degree to which it impacts value. A *substantive* negative work quality finding will generally be assessed where VA has determined the fee appraiser made a serious error of fact or methodology that materially impacts the appraised value or condition of the property.

Examples include, but are not limited to:

- Fraudulent reporting (misrepresentation of a material fact in the appraisal).
- Appraising the wrong property.
- Failing to require necessary MPR repairs that may negatively impact the veteran’s purchase.
- Repeating or failing to correct non-substantive errors after notification by VA.
- Continued disregard for VA instructions or requirements after they have been called to appraiser’s attention.
- USPAP violations.

### **Administrative Disciplinary Action**

Documented negative timeliness or quality findings can form the basis for administrative action by VA against a fee appraiser. Additionally, an appraiser who exhibits chronically deficient customer service, as evidenced by documented unprofessional conduct or repeated complaint calls and letters from program participants, may also be subject to administrative disciplinary action up to and including potential removal from the VA panel. The actions VA takes may include:

- Reducing and/or withholding of Assignments: VA (Supervisor’s only) will decide action and will conduct a complete investigation into appraiser actions and review your performance file.
- Counseling. Formal and informal.
- Written Admonishment: This is a formal letter sent to appraiser advising that deficiencies have not been corrected and if necessary will state corrective measures.
- Limited Denial of Participation (LDP): VA may deny participation in the program and remove the appraiser from rotation assignments for up to one year. If an LDP is imposed against you – you may apply again to the RLC for consideration to be designated to the appraiser panel.
- Debarment and Suspension: VA may remove the appraiser from the program permanently.

**Depending on the severity of the deficiency, VA may elect to go straight to Limited Denial of Participation or Debarment/Suspension.**

**Addendum A- Sample**

**LIQUIDATION APPRAISAL ADDENDUM FOR CASE NO.** \_\_\_\_\_

**INTERIOR ENTERED?** Yes or No (if No - show three attempts-different days and different times of the day):

<u>Date</u>	<u>Time</u>	<u>Phone</u>	<u>Comments</u>
1.			
2.			
3.			

<b>Circle Yes or No</b> Property Vacant? Yes or No	<b>Circle Yes or No</b> Property Occupied? Yes or No	<b>Circle Yes or No</b> Property Secured? Yes or	<b>Repairs Needed?</b> Yes or No
---	--	---	-------------------------------------

Repair Description	VA MPR Violation?	<b>Emergency?</b>	Estimated Cost	Estimated Contributory Value
	<b>Yes or No</b>	<b>Yes or No</b>	\$	\$
	<b>Yes or No</b>	<b>Yes or No</b>	\$	\$
	<b>Yes or No</b>	<b>Yes or No</b>	\$	\$
	<b>Yes or No</b>	<b>Yes or No</b>	\$	\$
<b>Total \$</b>			\$	\$

**ANALYSIS OF LISTINGS AND OFFERS:**

	1	2	3
Asking/Offered Price	↓	↓	↓
Dates Changed Price			
Days on Market			
Comparison with Subject GLA, Bath, Bedroom, Distance, age, condition, Garage, amenities, etc.	↓	↓	↓

Comments: