



## DEPARTMENT OF VETERANS AFFAIRS

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**SUBJECT: Revised Policy for Valuation of Swimming Pools**

### **PURPOSE**

The purpose of this bulletin is to modify the Phoenix Regional Loan Center (RLC) appraisal policies and procedures concerning the valuation of proposed or under-construction swimming pools.

### **BACKGROUND**

Under our previous Swimming Pool Policy (Loan Guaranty Information Bulletin 26-02-08), the inclusion of a proposed or under construction swimming pool required that the entire appraisal request be treated as proposed or under construction, even though the subject property itself may have been fully complete. As such, the requester had to provide the appraiser and the inspector with a full set of plans and specifications on the subject property as well as the pool. Procedural changes in recent years, including elimination of the requirement for VA compliance inspections for proposed construction, have prompted this revision. This revised policy should result in more streamlined processing and reduction of paperwork

### **PROCEDURE FOR ORDERING AN APPRAISAL INVOLVING A PROPOSED POOL**

If the subject dwelling is:

- **Existing Construction** (the home was fully completed more than one year ago or has previously been owner-occupied) **or**
- **New Construction** (the home is newly completed or completed except for customer preference items, less than one year old, and has never been occupied – see Lender's Handbook, Chapter 10, Page 17 for a more comprehensive definition)

and the intent is to install a new pool -- or a new pool is currently under construction -- the appraisal may be ordered as Existing Construction or New Construction, as applicable, based on the status of the home as described above. It will **no longer be necessary** to handle the entire appraisal as a Proposed Construction case (requiring full plans, specifications, and related construction exhibits for the subject property) because of the swimming pool.

### **What information is required to be submitted for swimming pools?**

The following documentation must be provided to the VA appraiser when a swimming pool is to be included in the appraised value:

1. Location of pool on the plot plan.
2. Pool plan with dimensions, deck dimensions, and typical details (when available)
3. Copy of pool construction contract.

If the dimensions and details are not available, the swimming pool contract must contain enough information for the VA appraiser to determine the pool's contribution to the overall value of the subject property as supported by current market data from the neighborhood.

### **What is the procedure for performing the VA appraisal?**

The VA appraiser should complete the VA appraisal on Fannie Mae Form 1004, “*subject to the following repairs or alterations on the basis of a hypothetical condition that the repairs or alterations have been completed*”. The appraiser should then condition for completion of the pool as well as completion or installation of any missing customer preference items (in the case of New Construction) or completion of any repairs needed to bring the property into compliance with VA’s Minimum Property Requirements (in the case of Existing Construction).

### **What is the procedure for verifying completion of the swimming pool?**

Pools installed prior to loan closing should be completed in all respects. If, for valid reasons, the pool cannot be completed prior to loan closing, the lender must establish a repair escrow. The amount to be escrowed cannot be less than 1½ times the cost of the pool as evidenced by the pool construction contract. When the pool has been completed in all respects, including the equipment called for in the contract, the lender must request a final inspection to verify completion. The inspection is to be completed by the VA Fee Appraiser who performed the original appraisal. If that appraiser is not available, Phoenix RLC will, upon request, assign another VA appraiser to do the final inspection. The VA appraiser shall be furnished with copies of all the pool construction inspections if the local authority requires them. The standard VA repair inspection fees apply.

### **What does a pool contribute to value?**

The value of a swimming pool should be based on its contribution to the overall value of the subject property as supported by *current market data* from the subject neighborhood. The pool’s contributory value must be derived through the use of sound appraisal practices and not based solely on the cost of the pool. Easily removable items such as diving boards, slides, water heaters, etc., are regarded as personal property and will **not** be considered in the value.

**What if there are questions?**

Any questions concerning the VA's Swimming Pool Policy may be directed to our Construction & Valuation staff by e-mail at [vavbapho/ro/cvgc@vba.va.gov](mailto:vavbapho/ro/cvgc@vba.va.gov) or by telephone at (602) 627-3050.

//Signed//

GRACE COOPER  
Loan Guaranty Officer

Distribution: Lenders, Builders, and Appraisers.

This supersedes LGIB No. 26-02-08