

Agreement of Sale/Sales Contract to be Provided to the Fee Appraiser

1. Purpose. This change is to clarify when the lender must provide amended copies of the agreement of sale/sales contract to the fee appraiser.

2. Therefore, Circular 26-14-29, is changed as follows:

Page 1, paragraph 4.a: delete paragraph and insert “a. If the agreement of sale/sales contract is amended during the appraisal process (prior to the Effective Date of the appraisal), the lender/requester must provide the updated contract to the appraiser to ensure the appraiser has the opportunity to consider any changes and their potential impact on value.

b. If the agreement of sale/sales contract is amended subsequent to the Effective Date of the appraisal, but prior to loan closing, the lender must use due diligence in determining whether the amendment(s) could reasonably be thought to affect the estimated value of the property being used as security for the loan. If so, the lender must forward the amended agreement of sale/sales contract to the VA fee appraiser for consideration. The appraiser will be responsible for determination of the impact of the amended sales agreement and compliance with all provisions of the USPAP in developing and reporting credible assignment results. Depending on the amount of time and/or the extent of any change to the originally considered agreement of sale/sales contract, the circumstances may warrant the appraiser considering such change to constitute a new assignment under USPAP, and an additional fee may be warranted up to the full amount of a new fee. Such determination by the appraiser may result in an additional fee which may be paid by the Veteran. Disputes in regard to any such additional fees should be referred to the Regional Loan Center (RLC) of jurisdiction.

c. If the lender fails to perform said due diligence in reviewing any subsequent agreement of sale/sales contract amendment(s), and/or fails to forward the contract amendment appropriately, said loan may be subject to review for indemnification agreement, or any claim against the guaranty may be subject to adjustment.”

3. Questions. All inquiries should be sent to colenders@vba.va.gov.

4. Rescission. This Circular is rescinded January 1, 2017.

(LOCAL REPRODUCTION AUTHORIZED)

Circular 26-14-29
Change 1

January 27, 2015

By Direction of the Under Secretary for Benefits

Michael J. Frueh
Director, Loan Guaranty Service

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