

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

1. Purpose. The purpose of this Circular is to clarify the continuation of policy that the Department of Veterans Affairs (VA) requires a copy of the agreement of sale or sales contract be provided to the fee appraiser by the requester of the VA appraisal upon assignment.

2. Background. When the value opinion to be developed is market value, Uniform Standards of Professional Appraisal Practice (USPAP) requires an appraiser to analyze all agreements of sale, options, or listings of the subject property, current as of the effective date of the appraisal, if such information is available to the appraiser in the normal course of business.

3. Details. VA believes that the fee appraiser must have access to such information to ensure that the estimate of value represents a proper value, which includes consideration of financing data, sales concessions, or property conditions typically contained in the agreement of sale. Furthermore, for VA loan origination purposes, VA expects that when the agreement of sale is available to the requester that a copy is provided to the appraiser.

4. Actions. The requester of a VA appraisal must provide a copy of the agreement of sale and all addenda to the appraiser immediately upon assignment, but not later than 1-business day after the date of assignment. The assigned VA appraiser will analyze the agreement of sale and consider that analysis in establishing the fair market value of the property and any effect on VA minimum property requirement repairs. Should the requester fail to provide the agreement of sale to the appraiser, the appraiser will, upon notice to the requester, hold the assignment and notify VA of the delay.
 - 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 to determine whether the amendment(s) could reasonably be thought to affect the estimated value of the property. 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 determining the impact of the amended sales agreement and compliance with all provisions of 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 to consider such a change to constitute a new assignment under USPAP, and an additional fee may be warranted up to the full amount of a new appraisal.

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Such additional fees may be paid by the Veteran. Disputes in regard to any additional fees should be referred to the Regional Loan Center (RLC) of jurisdiction.

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

5. Questions. All inquiries on this Circular should be sent to colenders@vba.va.gov.

6. Rescission: This Circular is rescinded January 1, 2020.

By Direction of the Under Secretary for Benefits

Jeffrey F. London
Director, Loan Guaranty Service

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