



ATLANTA REGIONAL LOAN CENTER CONSTRUCTION AND VALUATION FEE PANEL NEWSLETTER

Volume 2, Issue 1

December 19, 2007

Hope you are having a joyous holiday season. The purpose of this newsletter is to keep our fee panel appraisers updated on the happenings of the Construction and Valuation section of the Atlanta VA Regional Loan Center (RLC) as well as policy changes. Items printed in italics should be considered policy and supersede other previously established guidelines. If you have any comments please contact one of the representatives at our office. May you all have a happy and prosperous new year.

This newsletter covers more information than our previous newsletters. There are several policy changes and numerous links to additional information and circulars in this edition. Please continue to provide feedback so we can work together to provide our veterans the service they deserve.

Revision to VA Pamphlet 26-7

You will be expected to comply to the following revisions beginning January 1, 2008. The VA Lender's Handbook is intended for program participants for whom it is important to know the construction and valuation aspects of VA lending. Chapter 11, Appraisal Requirements, of the handbook was revised July 20, 2007. The handbook can be found online at:

http://www.warms.vba.va.gov/pam26_7.html. There are several major changes that you need to be aware of as a result of the revision.

- *When interior access can not be gained for liquidation appraisals (LGI or LPL) the **Exterior-Only Inspection Residential Appraisal Report**, Freddie Mac Form 2055/Fannie Mae Form 2055 must be used.*
- *Building perimeter sketches showing the "footprint" of all improvements, **including floor plan layout of residential spaces (approximate room locations)**. The calculation for the square foot size of the improvements must also be shown either here or in the "Comments on Cost Approach" section of the URAR.*
- *An **itemized list of any observed repairs** required to be completed, customer preference items to be installed, inspections to be performed, or conditions to be corrected, for the property to meet VA minimum property requirements.*
- *The requirement has been removed for the appraiser to report any permanently installed, or to be installed, unvented fireplace or other unvented space heater that uses liquid or gaseous fuel.*

As stated, these are only a few of the changes as a result of the latest revision to the VA Lender's Handbook. **You are strongly encouraged to read chapters 9 through 13 of the handbook to stay abreast of VA policies and procedures.**

Annual Fee Appraiser Training

On December 7, 2007, Central Office provided a nationwide broadcast to serve as an annual update on policies and procedures for members of the Fee Appraiser Panel as well as Staff Appraisal Reviewers (SARs) and RLC staff. The broadcast will be available in streaming video format for several weeks. You can access the broadcast online at:

<http://www.homeloans.va.gov/broadcast.htm>. The broadcast is spearheaded by Gerald Kifer, Supervisory Appraiser, in Central Office and is around 2.5 hours long.

Appraisal of Proposed or Under Construction Properties from Model Homes

The purpose of circular 26-07-3, dated November 30, 2007, is to announce that appraisers are now authorized to use model homes, in lieu of construction exhibits (plans and specifications), to appraise "Proposed or Under Construction" properties, as defined in Chapter 10 of the VA Lender's Handbook. The circular is available online at:

http://www.homeloans.va.gov/circulars/26_07_3.pdf

Valuing Properties During Periods of Declining Market

The purpose of circular 26-07-4, dated November 30, 2007, is to reaffirm VA's requirement that the appraised value, for a property that will become the security for a VA guaranteed loan, must reflect the current fair market value. VA has historically required VA fee appraisers to provide a value estimate in accordance with VA's regulatory definition of reasonable value (38 CFR 36.4301), "that value which represents the amount a reputable and qualified appraiser, unaffected by personal interest, bias, or prejudice, would

recommend to a prospective purchaser as a proper price or cost in light of prevailing conditions.” During periods of rapidly increasing or declining real estate values, it may become more difficult to establish an estimate of the current fair market value. The circular is available on line at: http://www.homeloans.va.gov/circulars/26_07_4.pdf

Email Issues

Due to increased security within the VA all emails sent from VA must include a digital signature. Many appraisers using Outlook Express experience problems when trying to respond to our emails. The technical solution is to go to the Tools menu in Outlook and uncheck the box labeled: *Digitally Sign Outgoing Mail*. The non-technical solution is to copy the subject and body of the email from VA and paste it into a new email message created in your system.

Reconsideration of Value Issues

As a reminder you must comply with VA Circular 261-04-05, New Procedures for Improving Communication with Fee Appraisers and Streamlining Reconsiderations of Value (<http://www.vba.va.gov/ro/atlanta/rlc/INFO/261-04-05.htm>). This circular gives you explicit directions for handling cases where it appears the appraised value will be below the sales price for the subject property, as well as instructions for handling value appeals after the Notice of Value has been issued.

Month/Year Complete on New Homes

Although not a requirement in the ‘Year Built’ field of the appraisal form we ask that you provide the month and year (mm/yy) completed for all new homes. This information is relevant to the reviewer when issuing the VA Notice of Value (NOV). If you are unable to determine the month built on new homes you may enter a question mark (?/yy) so the reviewer is aware you are unsure of the month completed.

Contact Information

The latest contact information can always be found online (<http://www.vba.va.gov/ro/atlanta/rlc/contact.htm>)

RLC fax – 404-929-5392
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