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January 5, 2004

REGIONAL LOAN CENTER MEMORANDUM NO. 04-01

To: LENDERS AND APPRAISERS

Subj: NEW PROCEDURES FOR IMPROVING COMMUNICATION WITH FEE APPRAISERS AND  
STREAMLINING RECONSIDERATIONS OF VALUE

1. **Purpose.** The purpose of this circular is to encourage VA program participants to provide relevant market data to VA fee and staff appraisers during the appraisal process. These guidelines should help limit the number of cases that reach the reconsideration of value phase and also provide a more timely response to those cases that are submitted for reconsideration. The procedures described in this Circular, however, should in no way suggest that appraisers are being pressured to make appraised values meet or exceed sale prices.

2. **Background.** This procedure began as a test program limited to the appraisal of properties in the areas of Chesapeake, Norfolk, Portsmouth and Virginia Beach, Virginia. Comments from program participants were encouraged and modifications were made based on responses received. Due to the success of this test program, VA has made policy changes regarding fee and staff appraisers' interaction with other program participants and in the reconsideration of value (ROV) process.

3. **Notification of Point of Contact(s).**

a. If the requester, on the appraisal request form (VAF 26-1805, *Request for Determination of Reasonable Value*), has provided specific Point of Contact (POC) information, VA fee appraisers are required to notify the listed POC when it appears that the appraised value will come in below the sales price of the subject property. The requestor may designate whomever they feel is most appropriate as the POC including the Realtor, Loan Officer/Originator, etc. If this information is not provided, the appraiser will be required to call the appraisal requestor shown on the appraisal request to make such notification.

b. Since there is currently no field for POC information in The Appraisal System (TAS) request screen, the lender will enter the specific contact information in field #30, **Comments on Special Assessments or Homeowner's Association Charges**. The information should read: **POC for Appraisal Issues is: (ex. John Doe, (800) 123-4567, JDOE@XYZ.COM)**. The appraiser will not be at liberty to discuss the contents of the appraisal with the POC at this point beyond explaining that they are calling for whatever additional information the POC may be able to provide. We expect full cooperation between the fee appraiser and the specified POC or lender.

c. Once the fee appraiser has notified the lender or POC, they will have two working days to provide additional information to the fee appraiser, in a format similar to the comparable sales grid on the URAR. Verification that the sale actually closed is also required. If pending sales contracts are submitted to support a time adjustment, they must be complete with all contract addendums attached. In addition, there should be a brief narrative attached that describes the similarities/differences between the pending sale and the subject property.

d. After receipt of any additional information, the appraiser will complete the appraisal report indicating that this process was utilized. If the information provided to the appraiser does not result in an increase in value that meets or exceeds the sales price, the appraiser will report on an addendum the following information: who provided the information, what information was provided, and why it did not change the opinion of value. In either situation, the appraiser will include a comment regarding the amount of time this process added to the overall appraisal delivery. VA and lender Staff Appraisal Reviewers (SARs) will monitor this factor and determine if reasonable timeliness was adhered to.

#### **4. Requesting Reconsiderations of Value (ROVs) After the Notice Of Value (NOV) Has Been Issued.**

a. If the lender processing a ROV request provides the additional information directly to the fee appraiser in a format similar to the comparable sales grid on the URAR, the VA fee appraiser will be required to provide a response within five working days. This should be the preferred, though not required, format.

b. Where information submitted in support of an ROV request requires the fee appraiser to review data that was not available at the time of the fee appraisers report, the appraiser will be allowed to charge a reasonable fee for this service. The Regional Loan Center (RLC) of jurisdiction over the property should be consulted on questions of proper ROV fees.

c. Wherever possible, ROVs, and other correspondence, should be submitted via e-mail with supporting documentation as PDF attachments. Such documents are easily forwarded to appropriate personnel and allow VA and the fee appraisers to receive and process information in the most timely and efficient manner.

**5. Fee Appraiser Responsiveness to Program Participants.** VA fee appraisers are expected to represent the Department of Veterans Affairs in a manner that reflects professionalism and is oriented toward customer service. VA fee appraisers are expected to provide a status report on anticipated delivery date of their work when requested by any legitimate party to the transaction: i.e., lender, realtor, buyer/seller. Fee appraisers, however, are not required to defend or discuss their reports with all members of the public. Questions on the content of an appraisal report should be directed to either the VA RLC of jurisdiction or the lender's SAR. Complaints on fee appraiser performance, timeliness, or demeanor should be directed to the RLC of jurisdiction.

/s/D. F. MUNRO  
D. F. MUNRO  
Loan Guaranty Officer