



U. S. DEPARTMENT OF VETERANS AFFAIRS
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December 20, 2002

REGIONAL LOAN CENTER MEMORANDUM NO. 02-21

TO: ALL APPRAISERS AND SERVICERS

SUBJ: LIQUIDATION APPRAISAL REQUIREMENT CHANGES

Purpose

The purpose of this memorandum is to provide updated instructions on processing liquidation appraisals.

Background

As of October 1, 2002, the St. Paul Regional Loan Center is responsible for all Construction & Valuation (C&V) functions in Illinois, Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota and Wisconsin. In April 2002, the Department of Veterans Affairs (VA) reinstated a five (5) day timeliness requirement for liquidation appraisals. We are still experiencing problems with liquidation timeliness and so we are publishing instructions to help improve liquidation timeliness.

Procedures

It is the responsibility of servicers/holders and their agents who order liquidation appraisals to make sure that sufficient information is provided to the appraisers to allow them to complete their appraisals in a timely manner. This includes occupancy and contact information. If a property is vacant and secured, the appraisal request must include information on how to obtain access to the property. If complete information is not provided, the appraiser is to contact the requester for the missing data. If the servicer does not respond to the request within 24 hours, the appraiser must contact the St. Paul Loan Administration section for assistance. Loan Administration will either provide the missing information or contact the servicer for assistance and document VA's records accordingly.

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Appraisers must make three attempts to gain access to an occupied property. If the occupant informs them that they will not give access, the appraiser does not have to continue to make attempts to gain access. The appraiser must document the appraisal report with information on their attempts to gain access and the results. Because of the five day timeliness standard, the attempts to gain access must be performed within a five day period. If an occupant wants an appointment beyond the five day period, the appraiser should inform VA. If the owner then breaks that appointment, the appraiser can proceed with an exterior appraisal. Appraisers are authorized to complete an exterior appraisal when they are unable to gain access to an occupied property. It is not necessary to contact VA for permission.

If an appraiser finds that the property is vacant and secured, they must contact the servicer, or the securing firm, if one is indicated, to gain access. Again, if the servicer does not respond within 24 hours, the appraiser must contact the Loan Administration section. Exterior appraisals on vacant properties are not allowed. By contacting the Loan Administration section, the appraiser allows VA to document this problem. Poor cooperation on the part of the servicer can result in a curtailment of the amount of interest paid on the claim under guaranty.

Appraisers must make every effort to meet the five day liquidation timeliness standard. Meeting this requirement is not just the responsibility of the appraiser, it is also the responsibility of all the parties involved in the transaction.

Starting immediately, appraisers are required to use the liquidation appraisal addendum located in Chapter 11 of the *VA Lender's Handbook*, attached. Use of this addendum will allow consistency throughout the RLC jurisdiction and will expedite review of the appraisal reports.

Contacts

A list of Loan Administration contact points is attached.

If You Have Any Questions

You can contact the Construction & Valuation section at (800) 827-0611, extension 5421, or by email at vaappraisal.stpaul@vba.va.gov, or the Loan Administration section as indicated on the attached contact list.

/s/

D. F. MUNRO
Loan Guaranty Officer

Attachments

Liquidation Appraisal Addendum

LIQUIDATION APPRAISAL ADDENDUM FOR CASE NO. _____

INTERIOR ENTERED? ____ (if unable to gain access, show at least three earnest attempts):

	<u>Date</u>	<u>Time</u>	<u>Phone</u>	<u>Contact</u>	<u>Comments</u>
1.	_____	_____	_____	_____	_____
2.	_____	_____	_____	_____	_____
3.	_____	_____	_____	_____	_____

PROPERTY VACANT OR OCCUPIED? _____ PROPERTY SECURED? _____

REPAIRS NEEDED? ____ (indicate emergency repairs with an asterisk by the number):

	<u>Description</u>	<u>VA MPR Violation?</u>	<u>Est. Cost</u>	<u>Est. Contributory Value</u>
1.	_____	_____	_____	_____
2.	_____	_____	_____	_____
3.	_____	_____	_____	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
		Totals	\$ _____	\$ _____

ANALYSIS OF LISTINGS AND OFFERS:

No. 1 - Sales Price (current and previous with dates of change) \$ _____

Days on Market ____ Comparison with Subject _____

No. 2 - Sales Price (current and previous with dates of change) \$ _____

Days on Market ____ Comparison with Subject _____

No. 3 - Sales Price (current and previous with dates of change) \$ _____

Days on Market ____ Comparison with Subject _____

COMMENTS/CONTINUATIONS: _____

Loan Administration Contact Points

State	Email Address	Phone Number
Illinois Numbers ending in 00-49	IL1.team.stpaul@vba.va.gov	(800) 827 0611 ext 3736
Illinois Numbers ending in 50-99	IL2.team.stpaul@vba.va.gov	(800) 827 0611 ext 3746
Iowa, Minnesota, North Dakota, South Dakota	MN.IA.SD.ND.team.stpaul@vba.va.gov	(800) 827 0611 ext 3756
Wisconsin	WI.team.stpaul@vba.va.gov	(800) 827 0611 ext 3766
Kansas, Nebraska	KS.NE.team.stpaul@vba.va.gov	(800) 827 0611 ext 3776
Missouri	MO.team.stpaul@vba.va.gov	(800) 827 0611 ext 3786