



DEPARTMENT OF VETERANS AFFAIRS
Regional Office
1240 East Ninth Street
Cleveland, OH 44199

November 23, 1998

In Reply Refer To: 325/262
Information Letter 26-98-20

TO: All Lenders, Fee Appraisers, SAR's, Compliance Inspectors and Builders

SUBJ: Changes In Appraisal And Compliance Inspection Report Submission Requirements

1. To help lenders comply with VA's mandatory standardized loan submission requirements, and to allow appraisers to reduce unnecessary document preparation requirements, the following changes are effective immediately.
2. Appraisals: The number of appraisal packages the fee appraiser must provide has been reduced from three to two, whether a CRV or LAPP NOV is to be issued. Each of the two packages must be accompanied by original photographs.
3. Construction Compliance Inspections: Compliance inspectors will now send color photographs only to the VA office that assigned them as the inspector. These color photographs should be included with a copy of the third stage (final) inspection report. They should not be included with prior (first or second stage) inspection reports unless those prior inspection reports are not clear or contain comments about the property. Please Note: Inspectors must continue to provide lenders and builders with inspection report copies. This will allow lenders and builders to retain proper documentation for their loan origination packages as required by VA.
4. Administrative Reference Changes in conjunction with Paragraph 3 above: VBA Circular 26-97-13, Construction Inspection Requirement Change, paragraph 4, requires that compliance inspectors take color photographs with all proposed construction third stage (final) inspection reports. Paragraph 3a is revised to delete the requirement that the lender must include a set of photographs with the request for guaranty. The other requirements of paragraph 3 remain unchanged.
5. We appreciate your cooperation in this matter. If you have any questions, please contact Richard Harris, Chief, Valuation & Management, (216) 522-3595.

/s/

JAMES L. BRUBAKER, JR.
Loan Guaranty Officer