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**Department of
Veterans Affairs**

**Information
Bulletin**

May 10, 2002

Loan Guaranty Letter 02-08
261-1

SUBJ: Liquidation Appraisal Processing Changes

Purpose

The purpose of this release is to notify Servicers and Holders of changes made to the Department of Veterans Affairs liquidation appraisal processing. This issue has arisen as a result of the number of foreclosure sales being missed and the attendant cost to the government of such “passed sales”.

Changes in Timeliness Standards

Fee appraisers have been notified that there is a five-business-day requirement for completion of liquidation appraisals. This standard does not change the requirement that fee appraisers gain access to vacant properties. In the instance of vacant, not properly secured properties, the timeliness standard shall be suspended for the time needed to gain access to the property. Concurrent with this change, VA staff will insure that the review of liquidation appraisals and the issuance of corresponding Notices of Value (NOVs) are completed in a timely manner. Liquidation appraisals will be reviewed within five-business-days of receipt of the appraisal from the fee appraiser.

Servicer Receipt of Liquidation Appraisals

VA has notified fee appraisers to provide copies of the liquidation appraisal to Servicers if the requestor provides an e-mail address in Block 5 of the VAF 26-1805, Request for Determination of Reasonable Value. In these instances, the fee appraiser will forward a copy of the appraisal to the requester in the same manner as is done in Lender Appraisal Processing Program (LAPP) cases.

Servicer Responsibility

Servicers must order a liquidation appraisal at least 30 days prior to the scheduled sale date. Fee appraisers are still required to gain access to vacant properties. Although the timeliness standard for the appraiser shall be suspended for the time needed to gain access to the property, no adjustments will be made to interest cut-off dates when servicers fail to provide access.

Effective Date

These changes are effective June 1, 2002. Questions regarding these changes may be directed to Kay Bowersox at (303) 914-5653.

VLINDA A. CHILDS
Loan Guaranty Officer

Distribution: Holders and Servicers of VA Guaranteed Loans