

**DEPARTMENT OF
VETERANS AFFAIRS
REGIONAL LOAN CENTER
PHOENIX, AZ**

**VA FEE PANEL
APPRAISER'S HANDBOOK
AUGUST 2003 Edition**

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PREFACE

INTRODUCTION

This Fee Appraisers Handbook is intended to supplement the appraisal requirements and guidelines provided in the **Lenders Handbook** (September 2000 revision and subsequent changes). Where there is any inconsistency between this Fee Appraisers Handbook and the Lenders Handbook, the Lenders Handbook will be considered the controlling document. In cases where the Fee Appraisers Handbook and Lenders Handbook vary as to standards of performance, the more stringent requirements will govern.

STATEMENT OF VA EXPECTATIONS

In addition to quality appraisal reports completed in timely fashion, the Department of Veterans Affairs expects and requires the **highest standards of professional conduct, courtesy, appearance, and customer service from its Fee Panel members**. Although you are independent contractors, remember that in the eyes of the veterans, lenders, Realtors, and other clients with whom you come in contact every day, **you represent the VA**. While we recognize and respect your right to conduct your appraisal business as you see fit, be assured that VA likewise has the right -- and the responsibility -- to ensure that the Loan Guaranty program is administered first and foremost for the benefit of our veterans.

CONSTRUCTION & VALUATION CONTACT INFORMATION

VA REGIONAL LOAN CENTER
Construction & Valuation (262)
3225 N. Central Avenue
Phoenix, AZ 85012-2405

ADMINISTERING THE
VA HOME LOAN PROGRAM
IN ARIZONA, CALIFORNIA, AND NEVADA

**KEY C&V CONTACTS DIRECTORY
and WEBSITE ADDRESSES**
updated **JANUARY 2003**

TOLL-FREE PHOENIX REGIONAL LOAN CENTER
1-888-869-0194, then Press 6, or dial Ext. 4749

PHOENIX REGIONAL C&V SUPPORT DESK
VAVBAPHO/RO/CVGC@vba.va.gov
Fax: (602) 640-4816

MAIN WEBSITE ~ VA REGIONAL LOAN CENTER:
<http://www.vahomes.org/pn/>

[ON HOME PAGE CLICK: "SUBSCRIBE TO ELECTRONIC NEWS SERVICE" FOR FREE SUBSCRIPTION TO THE LATEST VA BULLETINS, TRAINING FLYERS, AND OTHER LGY PROGRAM ANNOUNCEMENTS!]

CONSTRUCTION & VALUATION WEBPAGE:
http://www.vahomes.org/pn/va_construct.htm

VA APPRAISER'S HANDBOOK WEBPAGE:
http://www.vahomes.org/pn/appraiser_hb.pdf

VA LENDER'S HANDBOOK WEBPAGE:
<http://www.homeloans.va.gov/handbook.htm>

TAS WEBSITE (The Appraisal System)

<http://tas.vba.va.gov/TAS/index.html>

[All assignments are by Internet!]

IT Support Center (National Help Desk) - Philadelphia, PA

TAS System Operations & Availability Status/Problem Reporting

(215) 381-3050 ~ 6:00 a.m.-9:00 p.m. Eastern Time , M-F

9:00 a.m.-4:00 p.m.-ET, Sat. ~ FAX: 215-713-3121

APPRAISERS' E-COMMERCE MAILBOXES

LAPP Cases: 45/LAPPAppraisals@vba.va.gov

Non-LAPP (IND) Cases, Excluding Liquidations:

45/VAAppraisals@vba.va.gov

Non-LAPP Liquidation Cases:

45/Liquidations@vba.va.gov

MCRVs:

45/MCRVs@vba.va.gov

VA-REGISTERED CONDOS, BUILDERS & PUDs:

<http://condopudbuilder.vba.va.gov/2.2/frames.html>

NOTE: Approved PUD listings at the site are ONLY
for those dated prior to January 1, 2001

APPRAISERS FORUM

<http://www.appraisersforum.com/>

APPRAISAL INSTITUTE:

<http://www.appraisalinstitute.org/>

LOAN CENTER BULLETINS & VA FORMS WEBPAGE:

http://www.vahomes.org/pn/va_forms.htm

NATIONAL LOAN GUARANTY WEBSITE , WASHINGTON, DC:

<http://www.homeloans.va.gov/>

PROFESSIONAL PARTNERS WEBPAGE:

http://www.vahomes.org/pn/va_partners.htm

VA BROADCAST TRAINING WEBPAGE:

<http://www.homeloans.va.gov/broadcast.htm>

LOS ANGELES ELIGIBILITY CENTER (WESTERN STATES)

<http://www.vahomes.org/la/home.htm>

"Our Fine Print:" Please check our website periodically for updates to this information.

Please note that VA e-mail addresses are not case-sensitive.

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CHAPTER 1

GENERAL INFORMATION

C&V Consolidation and Remote Management

The past two years have been a period of rapid and fundamental change for Construction and Valuation. The national C&V operation has undergone consolidation from 45 Regional Offices located throughout the country down to just nine Regional Loan Centers (RLCs). Effective October 1, 2002, Phoenix RLC assumed full management and operational control of all C&V activity throughout California and Nevada, as well as Arizona. This was made possible through a fundamental restructuring of VA work processes, the relocation of many C&V employees, and the introduction of a number of technological innovations.

A parallel development has been the immense growth of the Lender Appraisal Processing Program (LAPP). Today, more than 90% of all VA appraisals made for loan origination or refinance transactions are received and processed directly by LAPP lenders rather than by VA staff. Thus, the core mission of C&V has increasingly evolved from production to oversight of work done by others, notably LAPP lenders – and Fee Appraisers.

Some key developments in the C&V restructuring process:

- ***E-commerce is introduced.*** While this requirement went into effect August 1, 2001, VA allowed reasonable additional time for Fee Appraisers to adapt to and comply with the new requirement
- ***The Appraisal System (TAS).*** On February 1, 2002, the old VA Assignment System (VAAS) was replaced by a much enhanced and expanded processing system called TAS (“The Appraisal System”). This new Internet-based system not only generated case numbers and appraisal assignments (like VAAS) but also, for the first time ever, allowed LAPP lenders *direct access to the VA processing system* to issue their LAPP Notices of Value (NOVs) on-line.
- ***New C&V Management Team.*** In June, 2002, the new Assistant Valuation Officers reported for duty, joining Rod Locke, the Valuation Officer, who had arrived three months earlier. The new Management Team visited the California Regional Offices and met with RO employees as well as the Fee Appraisers from the Oakland, Los Angeles, and San Diego Fee Panels.
- ***E-Commerce Appraisals go to Phoenix.*** Effective June 1, 2002, all appraisal reports from California Fee Appraisers are e-mailed to Phoenix RLC rather than to the local Regional Office.
- ***Out-based Senior Appraisers/SAH Agents Selected.*** Eight of the former Regional Office C&V staff Appraisers are selected to remain as out-based employees in their local areas to do appraisal field reviews, to administer the Specially Adapted Housing (SAH) program, and to provide liaison for local lenders, builders, and other program participants. Although living and working in their home areas, these outbased Senior Appraisers are on the Phoenix rolls and are ***remotely managed*** by the RLC.

Appraiser Availability and Communication

All VA Fee Appraisers in Arizona, California, and Nevada must make themselves available during normal business hours and are expected to respond promptly to any inquiries you receive (by phone, fax, or e-mail) from VA staff, lenders, or real estate agents. Generally, your response should be made ***no later than the following business day***. Failure to respond by the following workday will result in withholding of any new assignments until such time as you have responded to VA.

◆ Internet / E-Mail Access

- VA Fee Appraisers ***must have Internet access*** that is compatible with VA's Internet-based appraisal assignment system, called TAS ("The Assignment System"). Additionally, Fee Appraisers must have access to an ***e-mail address*** from which they can both send and receive e-mails, including attachments. In the appraisal assignment process (see Chapter 2), requesters are provided your e-mail address, along with your mailing address, phone, and fax numbers. Many lenders are now using e-mail as the primary means of transmitting the electronic 26-1805-1 (Request for Determination of Reasonable Value) form and for other communications with the fee appraiser.

◆ Phone/Fax Availability

- A ***fax machine***, or access to a fax machine, is ***required***. Since e-commerce remains optional for lenders, many of them choose to fax the signed VA Form 26-1805-1 to the assigned Fee Appraiser to save mailing time. Any Fee Appraiser found to be without a functioning fax number can expect to be contacted by VA and asked to remedy the problem. If we are unable to contact you, your appraisal assignments are subject to withholding until such time as fax communication has been restored.
- A ***telephone answering machine***, or voice mail system, or someone to answer your telephone during normal business hours (typically 8:00 a.m. to 4:00 p.m.) Monday through Friday is ***required***.
- If no one is available to answer your telephone or to check your e-mail during periods of unavailability, you are required to have a recorded telephone message to inform callers of the date you expect to return. These messages should further direct them to call the Phoenix RLC if they need immediate assistance on a VA case.

◆ Vacation Notices

- You must notify the C&V Section of Phoenix RLC at least **7** business days in advance when you want to have your VA assignments stopped – simply complete the ***VA Fee-Personnel Vacation Request Form*** on 53 and ***e-mail*** the form to VA at **VAVBAPHO/RO/CVGC@vba.va.gov**.

Note: As a general rule, **please do not call VA to request time off!** In keeping with E-commerce procedures, we request that vacation or other voluntary "time off" requests (as well as **all** of your communications to VA) should be ***e-mailed*** to Phoenix C&V. Fax these requests ***only*** if e-mail communications are temporarily unavailable. Call only as a last resort.

- **Note:** It is ***your responsibility*** to ensure that all assignments received (or assigned to you on TAS) prior to the start of your vacation period are completed and e-mailed. Be sure that you notify VA of any assignment(s) still pending so we can reassign them to another appraiser.

◆ **Illness or Emergency Notices**

- Immediate notification is required when you need your assignments stopped due to illness or for reasons of personal emergency. If possible, complete the **VA Fee-Personnel Vacation Request Form** (on page 53) and **e-mail** it to Phoenix C&V. If necessary, contact VA by phone or fax. Also, please let us know if there are any assignments you have not completed, so these can be reassigned.
- **Note:** Please be aware that any cases unaccounted for during the period of your unavailability are subject to reassignment in the event we are unable to reach you to determine status.

Conflict of Interest - VA Policy

Due to a recent policy change, VA no longer requires fee personnel to submit an annual Statement of Interests. Nonetheless, VA Fee Appraisers are held to those requirements and must continue to adhere to them. The following statement of VA policy provides some examples of conflict of interest as well as other guidelines for fee personnel:

It is neither the desire nor the intent of VA to interfere in the private lives of Fee Appraisers or Compliance Inspectors or to infringe upon their personal liberties. It is appropriate, however, for VA to require that persons serving as Fee Appraisers and Compliance Inspectors do not engage in private pursuits that conflict with their duties on behalf of the VA. Except as may be otherwise expressly authorized by VA regulations, instructions, or directives, VA requires that, as a condition for appointment and retention on rosters of designated or approved Fee Appraisers and Compliance Inspectors, any particular individual serving in such capacities shall not engage in any private pursuits where there may or will be:

- *Any connection established that may result in a conflict between the private interests of the VA Fee Appraiser or Compliance Inspector and his/her duties and responsibilities to VA and veterans.*
- *Any circumstances wherein information obtained from or through a VA assignment to appraise or to make compliance inspections will be used to the detriment of the Government or veterans.*

Specifically, the foregoing statements of policy and the standards contained therein are intended to preclude any Fee Appraiser or Compliance Inspector from:

- *Selling land to a builder or sponsor and then making an appraisal or compliance inspection of a dwelling unit purchased by a veteran with guaranteed, insured, or direct loan.*

- *Owning an interest in, being employed by, or operating an architectural, engineering or land planning firm which renders services to builders or sponsors and later accepting an assignment from VA to appraise or inspect dwelling units built or to be built by a particular builder or sponsor for whom architectural, engineering, or land planning services have been rendered by the firm in which the Fee Appraiser or Compliance Inspector has employment or an interest.*
- *Appraising or inspecting dwelling units on VA assignments and later accepting exclusive selling rights for the homes.*
- *Appraising or inspecting properties for builders or sponsors who are purchasing hazard insurance or title services with respect to those properties from a company in which the Fee Appraiser or Compliance Inspector has an interest.*
- *Owning an interest in a project developed by a builder and accepting VA appraisal or inspection assignments in another area which the same builder owns, is building, or is handling as real estate broker.*
- *Having an interest in or representing building supply firms and accepting VA assignments on dwelling units built by builders or sponsors who deal extensively with such supply firms.*
- *Accepting a VA assignment to appraise property if the fee is contingent upon supporting a predetermined conclusion.*

The above examples are not all-inclusive, but they do illustrate some obvious conflicts of interest.

The provisions above do allow you to act as sales agent or broker in connection with a particular property. However, if you receive an appraisal or inspection request related to VA financing on that property, then you should immediately contact VA and request reassignment of that case to another appraiser.

In summary:

- **You must notify VA immediately if you are elected or appointed to public office, or if affiliated with any new lender, builder, or realty firm; or if you have a financial interest in the property to be appraised.**
- **You may *not* perform a VA appraisal on any property in which you have an interest or involvement or where there is or could be a conflict between your private interests and your duties and responsibilities to VA and to the veterans we all serve.**

CHAPTER 2

THE APPRAISAL SYSTEM (TAS)

The Assignment Process

◆ Computer Assignment

Lenders and other requesters order case numbers and appraisals through the Internet-based Assignment System (TAS). The TAS computer system assigns a Fee Appraiser for each case on a rotational basis according to geographic areas (cities and/or counties) of coverage. All appraisers currently on the VA Fee Panel whose status is “Active and Available” are in the rotation and eligible to receive assignments.

◆ Appraisal Request Form

When the requester has entered all necessary information on the screen, TAS generates a fully completed VA Form 26-1805-1 (“Request for Determination of Reasonable Value”), which the requesting lender is expected to print out, sign, and immediately send to the assigned Fee Appraiser. The Form 26-1805-1 will include the VA case number, access information, and be accompanied by the purchase agreement (if applicable) and any other necessary exhibits. You should follow up immediately with any requester who has not provided you the Appraisal Request Form 26-1805-1 within **two business days** of the computer assignment date.

- ***Note: Do not delay beginning work on the appraisal if you have verified the assignment with the requester but have not yet received the 26-1805-1.***
- ***Note: In conformance with USPAP requirements, you are expected to make a reasonable attempt to obtain the sales contract and disclosure statement(s). Under no circumstances, however, are you to delay completing an appraisal assignment or forwarding the report to the requester and to VA because the sales contract or disclosure statement has not been received.***

Monitoring Your TAS Account

◆ Fee Appraiser Responsibility

It is ***your responsibility*** to monitor your TAS account frequently. Checking daily will enable you to keep track of your workload and will alert you to new VA appraisal assignments as soon as the requester orders them.

Your “***Appraiser Pending Assignments***” list on TAS will display the case number, the subject property address, the name, address, and phone number of the person and company who ordered the appraisal, and the type of case (i.e., LAPP, IND, LGI, etc.). When viewing your pending assignments in TAS, we suggest that you keep the following points in mind:

- **LAPP & Liquidation (LGI - especially “SLMP”) Requests:** Upon request, these appraisals must be e-mailed to the requester immediately upon completion. [Refer to the “**Appraisal Timeliness & Distribution Guidelines**” on page 18.]
- **LAPP, IND, or LGI Requests:** If you receive a cancellation notice from the requester, please notify VA of the case number and property address. Often the lender does not notify VA when a case is canceled. Until TAS is updated to reflect the cancellation, that case will continue to show on your pending assignments list.
- If you need to have a case reassigned due to conflict of interest (see Chapter 1) or any other reason, contact Phoenix C&V.
- You may notice that your “**Appraiser Pending Assignments**” list includes some cases that you have already completed and submitted to VA and/or to the LAPP lender. TAS will continue to display the status “out for appraisal” until such time as VA receives our copy of your appraisal and updates the status in TAS to “Pending Review.”

Since June 1, 2002, when all VA appraisals from all three states began coming directly to Phoenix RLC, our C&V staff has been making a sincere effort to acknowledge by return e-mail that your e-commerce appraisal was received at VA. We also update TAS to reflect that the appraisal is no longer “out for appraisal” but is now “pending review.” This should remove it from your “pending assignments” list.

Hint: If you are confident that your appraisal report was properly and timely submitted and you have received no subsequent status inquiries about it, you probably need not be concerned that the case is still showing on your “pending” list. However, if you have reason to suspect that VA may not have received an appraisal report, feel free to contact C&V.

CHAPTER 3

E-COMMERCE (ELECTRONIC TRANSMISSION OF APPRAISALS)

The electronic transmission of appraisal reports (“E-commerce”) was initiated by VA in mid-2001 and became mandatory for Fee Appraisers on August 1, 2001. This is now the standard means of transferring appraisal information among the Fee Appraiser, the lender, and VA. Effective June 1, 2002, appraisers throughout Arizona, California, and Nevada began sending ***all appraisal reports directly to Phoenix RLC***. At that point, all C&V appraisal work within our three-state jurisdiction came under the control of Phoenix RLC.

Benefits of E-Commerce

E-commerce offers several clear benefits to VA, to the Fee Appraiser, and to the lender. Among these are significant savings in:

- **Storage space**, due to the reduction, if not elimination of file cabinets, as most appraisal and loan information will be stored electronically on disk
- **Cost** of postage, paper, packaging, photocopying, etc.
- **Time**, as “mailing” time will be reduced from days to seconds

Exemptions for Low Volume

While some exemptions from the e-commerce requirement were authorized by the RLC, these were ***strictly limited*** to appraisers receiving an average of **five** or fewer assignments per year. All exemptions, including those originally authorized by other Regional Offices, will be reviewed periodically and may be rescinded if appraisal volume is found to have increased materially or if mailing delays are shown to impair timeliness or customer service. Exempt appraisers: see the special note on at the bottom of page 18.

E-Commerce Overview for Fee Appraisers

By now, the appraisers presently on our Fee Panel have become familiar with the technical and equipment-related requirements of VA’s e-commerce. For newer appraisers and as a reference reminder, here is a summary of those requirements. For fuller detail, see Information Bulletin 26-01-10, reproduced as an Addendum to this Handbook. The bulletin can also be viewed on our C&V web page at <http://www.vahomes.org/pn/>.

Fee appraisers must have:

- Personal Computer
- Scanner
- E-mail capability on the Internet. Your provider must have the capacity to accommodate e-commerce appraisal packages (typically 2 to 5 Megabytes in size).
- Acrobat 5.0 (or newer version *) or PDF Publisher software:
 - contained within appraisal software or
 - stand alone software

How E-Commerce Works:

- Fee appraisers will use the Internet E-MAIL system to send appraisal reports to VA and participating LAPP lenders
- Common Thread in this process is a PORTABLE DOCUMENT FORMAT (.PDF file)
- Fee appraisers can create a .PDF file using ADOBE ACROBAT 4.0 (or newer version) or **PDF Publisher software**.

Three Ways to Produce an Appraisal Report in a .PDF file

1. Use an appraisal software package that contains Adobe Acrobat 4.0 (or newer version *) or PDF Publisher software to produce a .PDF file. Known supporting software includes:
 - a la mode, Inc. (WinTotal 2000)
 - Day One (Appraisal Manager)
 - Polaroid (ACI/MCS)
 - Software for R.E. Professionals (Appraiselt)
 - United Systems (HighPerform)
 - Bradford Technologies (Appraiser's Toolbox)
2. Use Adobe Acrobat 5.0 (or newer version *) or PDF Publisher to IMPORT a file created by another appraisal software package. Most appraisal software packages that do not produce a .PDF (*dot* PDF) extension will instead produce one of the following file extensions, all of which can be imported:

.GIF	.JPEG	.TIF
.TIFF	.PCX	.PNG
.BMP	.PICT (for Macintosh PCs)	

3. Use Adobe Acrobat 5.0 (or newer version *) or PDF Publisher to SCAN an appraisal report into a VA PDF file template.
 - The template can be obtained from VA.
 - This template is a one-page .PDF file.
 - The appraiser inputs the required 14 fields in the template (e.g. property address, city...)
 - The fee appraiser then scans in the appraisal report (this makes pages 2, 3, 4, 5, 6, etc. of the PDF template file)
 - The appraiser e-mails the .PDF file to VA and to the participating LAPP Lender

E-Commerce Format Requirements Effective June 1, 2002

Specific and detailed instructions for naming your PDF files as well as for the "Subject" lines of e-commerce appraisal submissions are provided in the Addendum on page 60.

CHAPTER 4 TIMELINESS AND REPORT DISTRIBUTION

Lender's Handbook Timeliness Guideline

Chapter 11 of the Lenders Handbook provides timeliness guidelines for both requesters and Fee Appraisers. In summary, the Handbook states:

- Appraisal Requesters must notify the fee appraiser on the **same day** as the appraisal assignment is received through TAS.
- Fee appraisers must complete **VA assignments as quickly as appraisals for conventional loans** are completed in the area where the property is located. An exception may be allowed in a particular case if
 1. valid extenuating circumstances are documented, and
 2. the appraiser notifies VA (or the lender's staff appraisal reviewer in LAPP cases).
- VA offices will consider adding appraisers to the fee panel in areas where it consistently takes lenders longer to obtain a VA appraisal than a complete conventional appraisal.

Phoenix RLC Timeliness Guideline

While acknowledging the Lender's Handbook's relatively lenient timeliness requirement, Phoenix RLC aspires to a somewhat more definitive standard and will continue to encourage our Fee Appraisers to strive for compliance with the timeliness goals provided in the "**Appraisal Timeliness & Distribution Guidelines**" on page 18.

Additionally, VA Central Office has recently established a national standard of five workdays for all liquidation assignments.

You should report your timeliness information on the VA "**Client Requirements**" Addendum to your URAR, in the following format:

R (Received)	01-20-03
A (Appraised)	01-24-03
M (Mailed*)	01-25-03

An explanation is required on all cases submitted late. Use the **Received-Appraised-Mailed (RAM) Comments** section of the Addendum to document the **length** (number of days) and the **specific reason(s) for each delay**. Any delays that are reasonably outside the appraiser's ability to control (assuming due diligence) will not be counted against you.

[* Note: With the implementation of e-commerce, the "**mailed**" date is the date you **e-mail** your report to VA and to the lender. Normally, we would expect an e-mailed case should arrive at VA no more than a few minutes after you send it, depending on volume of network traffic.

Delays Requested by Lender, Builder, etc.

If the requester asks you to delay the appraisal assignment for any reason (e.g., seller is on vacation, customer preference items not yet installed, etc.) **and** this delay would result in the appraisal report not meeting VA timeliness standards by ***fewer than seven calendar days***, you should:

- require the requester to provide you a ***written request*** for such delay **and**
- include a copy of the request in your appraisal package (scan and attach to your pdf appraisal)
- fully document the delay in your RAM comments.

If the expected delay would result in the appraisal missing VA timeliness standards ***by seven or more calendar days***, you should contact Phoenix C&V for guidance prior to agreeing to such request.

Note: When access to the property has been delayed for ***any reason beyond your control***, the appraisal report must be submitted no later than three business days after access to the subject property has been achieved.

Reassignment of Untimely Appraisals

In the event a requester contacts VA for assistance with a ***late appraisal*** (i.e., one that has not been received by VA or by the LAPP lender within the prescribed time frame) and

- the requester claims non-responsiveness on the part of the assigned Fee Appraiser (or inability to even make contact), and
- VA, after reasonable attempts, is likewise unable to contact the appraiser or to otherwise ascertain whether or not the appraisal has been completed,

that appraisal is subject to reassignment to another appraiser. Additionally, the original appraiser's fee will be forfeited and a timeliness error will be charged.

You should be aware that continued failure to comply with VA timeliness requirements may result in administrative (i.e., disciplinary) action up to and including **Limited Denial of Participation (LDP)**. [A thorough discussion of Administrative Actions/Disciplinary Procedures appears in Chapter 8.]

Appraisal Timeliness & Distribution Guidelines (E-Commerce)

Type of Appraisal	Maximum Allowable Time for Fee Appraiser to Complete and Transmit Assignment	Distribution of E-mailed Appraisal Packages
Liquidation (non-SLMP)	5 Business days from receipt of assignment	E-mail 1 Package to VA E-mail 1 Original URAR to Requester **
Servicer Loss Mitigation Program (SLMP), Compromise Sale, Short Sale	5 Business Days from receipt of assignment	E-mail 1 Package to VA E-mail 1 Original URAR to Requester **
LAPP (Lender-Reviewed)	10 Business Days from receipt of assignment	E-mail 1 Original Appraisal package to requester ** E-mail 1 Package to VA
IND Individual Existing (VA-Reviewed)	10 Business Days from receipt of assignment	E-mail 1 Package to VA
MCRV	15 Business days from receipt of appraisal package	Submit a CD containing the complete package or E-mail 1 Appraisal Package for each plan type to VA.
MCRV - Added Lots, Plans, Options	5 Business days from date of receipt	E-mail 1 Appraisal Package to VA.
* Multi-Family, Manufactured Home	7 Business days from receipt of assignment	Follow procedures above for appropriate appraisal type
Repair (or Site) Inspections	2 Business days from receipt of request	E-mail clearance to lender on appraiser's letterhead. Identify specific completed repairs per NOV (not URAR). Appraiser may not waive repairs.

[**** Note:** If lender or servicer requests to receive appraisal report via e-commerce transmission (by providing their e-mail address under their postal address on the 26-1805), you should accommodate. Otherwise, send appraisal by regular mail.]

Special Note to appraisers who are exempt from E-commerce:

- Timeliness requirements shown above also apply to you.
- **All mailed appraisal packages must be sent via an overnight delivery service both to VA and to the lender.**

PACKAGING – Order of Exhibits E-Commerce Cases and Mailed Cases

Submit Appraisal Report with Required Exhibits In This Order:

1. VA Client Requirements Addendum (see page 52).
2. A properly completed (neatly typed, as required by the revised Lenders Handbook) appraisal report, using one of the following forms, as applicable:
 - Uniform Residential Appraisal Report (URAR), Freddie Mac Form 70 / Fannie Mae Form 1004, unless the property is a condominium unit or is income-producing (more than one living unit).
 - Individual Condominium Unit Appraisal Report, Freddie Mac Form 465 / Fannie Mae Form 1073, if the property is a condominium unit.
 - Small Residential Income Property Appraisal Report, Freddie Mac Form 72/Fannie Mae Form 1025, if the property has two to four living units.
3. A building perimeter sketch showing the “footprint” of the improvements. The calculation for the square foot size of the property must also be shown either here or in the “Comments on Cost Approach” section of the URAR.
4. PHOTOGRAPHS -
In proposed construction cases, a front view photograph of each comparable is required but photographs of the subject property are not required if there are no improvements under construction.
 - If the property is in a condominium more than three units high, no photographs of the comparables are required, provided they are located in the same project as the subject property and are substantially identical to the subject property.

In all other cases, each appraisal report requires:

- one set of original photographs of the subject property (two sets in LAPP cases) showing a front and back view (preferably including a different side view in each photograph) and the street scene, and
- one set of original photographs of each comparable. Only a front view of the comparables is required.
- photo of any significant locational influence that affects subject property value (example: views, freeways, businesses, etc.)
- photo of any significant structural defect.

There are two alternatives to submitting original photographs:

- Computer-generated pictures are acceptable if they are of comparable quality to original photographs.
- Copies of listing service or advertising pictures are acceptable for the comparables (but **not** the subject) if they clearly depict the property.

5. Any VA-required Addenda that provide additional appraisal or repair-related information in support of the fee appraiser's conclusions (Liquidation Addendum, time adjustment support, etc.)
6. A properly completed Statement of Limiting Conditions and Appraiser's Certification, Freddie Mac Form 439 / Fannie Mae Form 1004B
7. Location map indicating subject and comparables
8. Data source printout of subject property when access has not been obtained. (Liquidation cases only).

Note: While the Fee Appraiser's complete appraisal file including data source print-outs of comparables, sales contract, and disclosure statements, need not be submitted with the Appraisal Report, these items *must be made available to VA or to the SAR* upon request.

CHAPTER 5

FEE APPRAISER RESPONSIBILITIES

What is Expected of the Fee Appraiser

◆ Appraisal Reports

The Fee Appraiser must view the interior and exterior of every existing construction subject property. In addition, the Fee Appraiser is responsible for all aspects of the appraisal process, including the final estimate of value.

Important: Certain key appraisal functions may not be delegated to anyone else. Failure to comply with this requirement will be grounds for immediate disciplinary action. Specifically, the Fee Appraiser assigned by VA must ***personally***

- Visit and observe the interior and exterior of the subject property and the exterior of each comparable. (The sole exceptions are on liquidation cases where entry to the subject property has been denied or may otherwise not be possible).
- Select, visit, observe, and analyze each of the comparable sales used in the report
- Complete the Market Data Analysis
- Make the final value estimate, and
- Sign the appraisal report as the appraiser.

◆ Repair Inspections

When VA or a LAPP Staff Appraisal Reviewer (SAR) issues a Notice of Value (NOV) that includes repairs, the Fee Appraiser may be requested to certify that those repairs have been completed. In these cases

- You should be careful to address the repairs ***as stated on the Notice of Value (not as they were stated on your URAR - some of them may have been changed!)***.
- Your certification evidencing completion of repairs (on your letterhead) should be sent to the requester (by e-mail, if requested).
- Fee Appraisers are ***not*** authorized to accept or approve a request for waiver of repairs or other appraisal conditions. Such requests must always come to VA for review.

◆ Additional Requirements

- **Do not perform any appraisal request not assigned to you in TAS unless specifically instructed to do so by VA.**
- Please place your VA ID Number next to your name on all correspondence sent to VA.

◆ Representing VA

Remember that you do **not** have the authority to speak to anyone or any group *in an official capacity* representing VA in regard to VA appraisal regulations, procedures, or policies. This includes newspapers, magazines, or organizations of lenders, builders, or Realtors.

Fees and Payment Issues

◆ Fee Schedule

- As a general rule, Fee Appraisers may not charge their VA clients more than they would normally charge other clients for a similar amount of work. Maximum Fees for VA Appraisals and Inspections are established by each VA Regional Office for their area of jurisdiction. Phoenix RLC's most recent fee bulletin is reproduced as an addendum to this Handbook (beginning on page 54). For appraisers in California and Northern Nevada, the most recent Fee Schedules issued by the California VA offices are still in effect, pending release of a revised Phoenix fee schedule covering all three states.
- In unusual or complex appraisal or inspection situations that are not specifically covered by the local Fee Schedule, fees will be set by the Valuation Officer. Similarly, any mileage fees (other than those that may be specifically authorized within the most recent Fee Schedule issued by the VA office with which you were formerly affiliated) must be approved in writing by the Valuation Officer. In all such cases, prior to beginning work on the assignment, the Fee Appraiser should obtain written acknowledgment from the requester that they are aware of these VA-authorized fees and that they have agreed to them.

◆ Payment Assistance Policy

- When a particular requester has been *consistently* untimely in paying appraisal fees, you may contact Phoenix C&V in writing (or by e-mail), documenting **two or more** specific instances where that requester has been late in making payment. Upon receipt of a sufficiently documented request, VA may provide a letter authorizing payment in advance on future requests from that specific requester.
- A Fee Appraiser may **not** unilaterally require a "fee in advance" for any assignment. The decision to require "payment(s) in advance" of assignment completion **must be approved in writing by Phoenix RLC.**
- Workload and staffing permitting, Phoenix RLC may also intervene directly with lenders to assist you in collecting your previous delinquent fees. As of the present time (January 2003), staffing **is** sufficient.
- **Under no circumstances, may a VA Fee Appraiser (without specific written VA authorization) delay completion of an assignment or withhold release of a completed appraisal report because of untimely payment of an appraisal fee on a prior case.**

Desk and Field Reviews of Appraisal Reports

Every appraisal report will be desk-reviewed by a LAPP Lender's Staff Appraiser Reviewer (SAR), by a VA Staff Appraiser, or both, to verify that

- the report was submitted timely
- that the Fee Appraiser's conclusions of value are consistent, sound, supportable, and logical
- the report was prepared in accordance with acceptable appraisal techniques and standards (USPAP) as well as specific VA instructions.

In addition, all appraisal reports are subject to field review by VA staff or by the LAPP lender.

Quality Control and Standards

All appraisal reports are reviewed for both Work Quality and Timeliness. Non-acceptable quality or timeliness findings in any appraisal will be classified as Negative Work Quality Findings or Negative Timeliness Findings. All Negative Work Quality Findings are further categorized according to their significance into **Substantive** or **Non-Substantive** Findings.

- ◆ A **Substantive** negative work quality finding will generally be assessed where VA has determined that the fee appraiser made a serious error of fact or methodology that materially impacts the appraised value or condition of the property. Examples include, but are not limited to:
 - Fraudulent reporting (misrepresentation of a material fact in the appraisal)
 - Appraising the wrong property
 - Failing to require necessary MPR repairs that may result in damage to the veteran
 - Repeating or failing to correct non-substantive errors after notification by VA
 - Continued disregard for VA instructions or requirements after they have been called to the Appraiser's attention
 - Serious USPAP violations
- ◆ A **Non-Substantive** finding is generally one in which VA has determined that the fee appraiser made a relatively minor error of fact or methodology that did not impact the final value or the reported condition of the property. Examples include, but are not limited to:
 - Failing to provide required information on the URAR (e.g., Remaining Economic Life, HOA dues on PUD appraisal)
 - Misreporting of distances between subject and comps
 - Inconsistency within the URAR (e.g., room count differs from page 1 to page 2) **
 - Failing to adequately describe reasoning in support of adjustments **
 - Using time adjustments not supported or documented by pending sales or listings **
 - Making insupportable or "wrong-way" adjustments (plus instead of minus) **
 - Minor USPAP violations

[** **Note:** The errors marked ** could also be deemed substantive, depending on the degree to which value is impacted.]

- ◆ Documented negative timeliness or quality findings can form the basis for administrative action by VA against a Fee Appraiser. Additionally, an appraiser who exhibits chronically deficient Customer Service, as evidenced by documented unprofessional conduct or repeated complaint calls and letters from program participants, may also be subject to administrative action. [A further discussion of Administrative Actions appears in Chapter 8.]

Contact with Lenders and Other Parties of Interest

When an IND (i.e., non-LAPP origination) or LGI (liquidation) appraisal report is reviewed by VA, we will routinely provide a copy of the report to the requester. The lender may then provide a copy of the appraisal to any party of interest, upon request. Therefore, you should not release a copy of an appraisal report to anyone other than the requester without the authorization from VA. Exceptions to this rule include:

- LAPP appraisals will, of course, be sent to the LAPP lender or other authorized recipient shown in block 5 of Form 26-1805-1.
- SLMP (Servicer Loss Mitigation Program) or compromise appraisals (properly identified as such on the 26-1805-1) will be returned to the SLMP requester.

At the time of the appraisal you should willingly accept, from any party of interest, any information they want to provide.

Fee Appraisers may not discuss valuation, conditions, or any other issue relating to the contents of their reports with anyone except for VA Staff or the LAPP Lender's Staff Appraiser Reviewer (SAR).

Parties of interest ***other than the SAR*** may contact fee appraisers only to inquire about the status of the assignment and the expected time frame for completion. If one of these other parties attempts to engage you in a discussion of the appraisal contents, you should ***politely decline to discuss*** the report and refer them to the LAPP SAR or to VA. There are ***two partial exceptions*** to this rule:

- Once the appraisal report has been submitted to the LAPP lender and the LAPP NOV has been issued, the Lenders Handbook permits ***any party of interest*** to request reconsideration of value from the Fee Appraiser. While such requests should come to you ***through the LAPP lender***, you might on occasion be contacted directly. In that event, you should politely explain that the value reconsideration process can be coordinated best and most efficiently through the LAPP SAR (and that under the LAPP program, the VA Lender's Handbook does in fact ***require the issue to be handled in that way***). [See page 26 for further information on LAPP reconsiderations of value.]
- Parties of interest other than the SAR ***may*** contact fee appraisers for clarification of repair requirements and/or to schedule repair inspections. You should cooperate on such requests.

Note: LAPP lenders are responsible for the actions of their authorized agents, correspondents, and affiliates.

CHAPTER 6

LAPP APPRAISAL ISSUES

Special Requirements Specific to the Lender Appraisal Processing Program (LAPP)

◆ The Role of the LAPP Staff Appraiser Reviewer (SAR)

Generally the LAPP SAR must ensure that:

- the fee appraiser has met VA timeliness requirements and has properly documented the received-appraised-mailed (RAM) dates - (see page 16)
- the URAR and all required attachments and addenda are complete and correct
- the appraiser's methodology is appropriate and reasonable and that conclusions are consistent with data
- the appraiser has complied with current VA instructions
- the appraiser's market value is consistent with the current standard definition of market value and VA's regulatory definition of reasonable value

◆ Contact and Cooperation with the LAPP SAR

- LAPP SARs are expected to take reasonable steps to resolve problems detected during their appraisal reviews. While branch office staff and authorized agents may contact the fee appraiser about the timeliness or status of a particular appraisal, only the LAPP lender's VA-authorized Staff Appraisal Reviewer (SAR) may contact the Fee Appraiser to discuss valuation matters.
- LAPP SARs should contact VA fee appraisers directly when any information, or methodology, or conclusion contained in an appraisal report requires clarification, correction, or additional support in order for the SAR to make a prudent decision on the reasonableness of the fee appraiser's market value estimate.
- VA fee appraisers are expected to be cooperative with lenders in addressing SAR concerns regarding the content of appraisal reports or timeliness in the completion of their assignments. Lenders are expected to take reasonable steps to mitigate difficulties encountered with an appraiser's report.
- VA should not be considered a "referee" between the lender and fee appraiser in resolving routine issues.
- In any case where the SAR determines that substantive problems with the fee appraiser's report are not correctable through reasonable interaction with the appraiser, the lender will forward the original appraisal report to the C&V Section at the Phoenix Regional Loan Center. The lender's submission will include a written report clearly outlining the difficulties encountered, and the date and outcome of each contact made with the fee appraiser. This will assist VA in monitoring fee appraiser performance and determining what, if any, administrative action may be warranted.
- ***Any revisions, corrections, or clarifications made by a fee appraiser to the appraisal report must be furnished to the lender in writing (with an e-commerce copy to VA).*** The SAR will attach the revision to the original appraisal report and forward the entire package to VA. ***Any case in which VA determines that relevant appraisal documentation has been withheld will constitute an unacceptable act and may be considered a basis for administrative action against the lender, the***

fee appraiser, or both.

◆ LAPP Reconsiderations of Value

Specific and detailed instructions for handling LAPP reconsiderations of value are provided in Chapter 13 of the revised ***Lenders Handbook, Section 13.09***. This includes the roles and responsibilities of the LAPP lender, the Fee Appraiser, and VA. The following points are mentioned here for emphasis or to supplement the Lender's Handbook material:

- LAPP SARs are authorized to adjust the appraisal report **up to 2 per cent** of the appraised value (except in Nevada, where state law permits only licensed appraisers to amend an appraisal report).
- Remember that any requests for reconsideration of value on a LAPP case must be handled by the LAPP SAR who issued the Notice of Value on that case. The SAR may contact you to discuss your value conclusion or any other aspect of your appraisal methodology, including comparable selection, adjustments, repairs, etc. The SAR may also ask you to consider additional sales that closed after the date of your report. If contacted by the SAR for a reconsideration of your appraised value, remember that VA already has a copy of your original report. Any resulting revisions must be sent to VA as well as to the LAPP lender. Please return a copy of the request to the LAPP lender along with your recommendations.
- All requests for reconsideration of value ***must be in writing***, and may be initiated by any party of interest to the transaction. [Review page 24 regarding VA's recommended course of action when contacted by a party of interest other than the LAPP SAR.]
- The Fee Appraiser may charge a reasonable, mutually negotiated fee for a value reconsideration based on information that was ***not*** available to the appraiser at the time of the original appraisal (newer closed sales, for example). ***Note: If the Fee Schedule for your area includes a set fee for value reconsiderations, that fee will prevail. A revised fee schedule covering all three states is in the works and, when released, will supersede all present schedules.***
- A reconsideration of value based on market data that was available (but not used) at the time of the original appraisal is the responsibility of the appraiser (i.e., ***no*** additional fee may be charged). Reminder: the fee appraiser must also consider all available listing information. (Refer to detailed guidelines on page 30.)
- Phoenix RLC recommends and encourages that requesters seeking a value reconsideration on the basis of new comparable sales should place those sales on our ***Reconsideration Grid Form*** to facilitate review and analysis by the Fee Appraiser or by VA (see Addendum on page 64).
- ***Note: VA staff is required to review all LAPP cases involving a change in value.***

CHAPTER 7

VA APPRAISAL REQUIREMENTS

Note: As stated in the Introduction, the new Lender's Handbook, particularly Chapter 11, will be your primary reference regarding VA Appraisal Requirements. The following information is provided to emphasize or to supplement the Lender's Handbook material.

◆ USPAP

Every VA appraisal must meet the Uniform Standards of Professional Appraisal Practice (USPAP) requirements for a complete appraisal, but may be issued as either a self-contained Appraisal Report or a Summary Appraisal Report. There are potential exceptions:

- VA prior approval is required prior to performing a “restricted” appraisal.
- With the exception of liquidation appraisal updates, VA prior approval is required for any case in which the USPAP departure rule is used.

Note: The USPAP Jurisdictional Exception Rule permits Federal agencies to follow their own requirements when there is a conflict between USPAP and Federal agency requirements.

◆ Selection of Comparable Sales

The appraiser must select the three best comparable sales available and properly adjust the sales price of each one for differences between it and the subject property. The goal is for the VA value estimate to not exceed the price at which similar properties can be purchased in the current market.

The appraiser must adequately explain any reliance on sales that are not truly comparable to the subject.

◆ Approaches to Value

Sales Comparison Approach:

For most VA appraisals, this approach will be your primary, if not exclusive, indicator of final value. Key points to keep in mind:

- At least three (3) **closed sales** of comparable properties must be utilized. Ideally, the comparable sales should bracket the subject's Gross Living Area (GLA) and estimate of value. If the sales do not bracket the value conclusion, a supporting explanation and additional closed sales, pending sales, or listing data are required.
- If comparables are located at excessive distances from the subject or market area boundaries, their use in the Sales Comparison Approach must be justified and explained.

Additional current sales data is required (Closed, Pending, Listing) under the following circumstances:

- If two of the three sales have close of escrow dates older than six (6) months.
- When the adjusted values indicated by the comparable sales are too widespread (total spread, high or low, exceeds 15%), or are inconclusive.
- If two of the three sales required excessive adjustments.
- When the market is declining/increasing, and additional support for a time adjustment is required. We recommend that you include a fourth comp that can be a pending sale where you have verified the sale price with the selling agent. As long as you have three closed sales, you can give the pending fourth sale appropriate weight in your reconciliation. The pending sale may be the best indicator of current value.

Income Approach:

- If the appraisal involves an income-producing property (***more than one living unit***), the appraiser will use value estimates developed through ***both the income approach and the sales comparison approach*** in the final reconciliation.
- Note that for VA purposes, a veteran may purchase a dwelling of up to four living units, so long as he or she occupies one of the units. In valuing such properties, consideration must be given to the income-producing potential of the remaining unit(s), whether or not the veteran actually plans to rent them out.

Cost Approach:

- You are not required to provide the cost approach to value on any VA appraisal (proposed, new, or existing construction). Since the residential real estate market does not base transaction decisions on a property's reproduction or replacement cost, the cost approach to value may only be ***used only to support the sales comparison approach in the final reconciliation***. This may be warranted in rare situations (due, for example, to some unusual aspect of the subject) where the comparable sales alone do not provide an adequate indication of value.
- ***Note: Any LAPP appraisal wherein the final value was based to any material degree on the cost approach must be sent to VA rather than to the LAPP lender. The LAPP lender must of course be notified of this.***

◆ Appraisal Report Forms

All VA real property appraisals are to be completed using ***one of the following forms***:

- ***Uniform Residential Appraisal Report (URAR)***, Freddie Mac Form 70 / Fannie Mae Form 1004 [unless the property is a condominium unit or is income-producing (more than one living unit)]
- ***Individual Condominium Unit Appraisal Report***, Freddie Mac Form 465 / Fannie Mae Form 1073, if the property is a condominium unit
- ***Small Residential Income Property Appraisal Report***, Freddie Mac Form 72 / Fannie Mae Form 1025, if the property has two to four living units.

Completing the Uniform Residential Appraisal Report (URAR):

The URAR should be completed fully, in accordance with the following instructions and guidelines. Be sure to **complete all items of the URAR**; do not leave any item blank. Indicate N/A if not applicable. Do not use phrases such as "in lender's file" or "see prelim."

A. Subject Section

1. Full VA case number with "LAP" prefix, if applicable
2. Subject address. If address is a rural route and box number, please provide the street or road name and a good location & plat map.
3. All appraisals must have a complete legal description. The legal description must have adequate information, so that with the legal description alone, the reviewer can identify the subject property.
4. Current taxes, including special assessments
5. Borrower, current owner, occupant, (tenant or vacant, if applicable)
6. Property rights should be appraised as Fee Simple. Properties with undivided interest must be on VA/FHA Condo approved list
7. PUDs and condominiums must show monthly HOA dues in space provided.
8. Appraiser's name and VA ID number

B. Neighborhood Section [Note: Items marked with ** may be provided on "Client Requirements Addendum" in lieu of URAR]

1. Neighborhood market analysis should be consistent and relate to all other analysis and comments throughout the report
2. Predominant occupancy grid
3. Single family housing
 - a) price - typical range, predominant value
 - b) age - typical range, predominant age
 - c) in comments, describe the types, ages, unit mix of the neighborhood
 - d) address any marketability factors relating to the subject property if it is outside of the typical or predominant age/value range of the neighborhood
4. Present land use grid
5. Land use change grid
 - a) comment on any rating other than "not likely"
6. Neighborhood boundaries
 - a) delineate the north, south, east, and west boundaries of the neighborhood based on major arterial streets/roads or other geographic or governmental demarcations
7. Comments - Use an addendum, if necessary, to fully describe:
 - a) location of community
 - b) amenities
 - c) locational deficiencies and/or
 - d) inharmonious buildup which affects marketability and/or market value
8. General market conditions - comment on:
 - a) predominant financing in area
 - b) the existence (or nonexistence) of sales or financing concessions in the subject's market area and make a statement regarding any effect they have on the sales prices of comparable homes.
 - c) ** whether marketing time (listing period) in subject's market area is increasing or decreasing (e.g., "In the last 3 months, the listing period in the subject's market area has decreased from 180 days to 90 days).
 - d) ** average listing price to sale price ratio. Appraiser will use professional judgment to estimate this ratio if unable to determined from

available data sources.

Notes Regarding the Importance of Listings, Contract Offers, etc.:

In **every case**, the appraiser **must**:

- analyze sales listings, contract offers and unsettled sales to determine if market conditions changed between the date each comparable sold and the date of the subject property appraisal.
 - ⇒ ***This is especially important in markets with rapidly increasing or decreasing values.*** If the subject property is in a new subdivision, the analysis must include the builder's closed sales, sales in competitive subdivisions and sales of similar existing properties.
- ** certify, either in the "Neighborhood" section of the URAR or on the Client Requirements Addendum, ***"I have considered relevant competitive listings/contract offerings in performing this appraisal, and any trend indicated by that data is supported by the listing/offering information included in this report."***
- provide a listings/offers addendum if either
 - ⇒ a time adjustment is made in the "Sales Comparison Analysis" section, or
 - ⇒ a significant market transition is indicated in the "Neighborhood" section (due to changes in employment opportunity, housing supply/demand, average marketing time, seller concessions, etc.).

If an addendum is required:

- It must provide all of the following information regarding ***at least three competitive listings or verifiable, bona fide contract offerings*** considered the most similar and proximate to the subject:
 - ⇒ The type of information usually found in an MLS entry or other listing.
 - ⇒ How long each property has been on the market (total time listed).
 - ⇒ Any change in the listing price of each property (if known).
 - ⇒ A short statement comparing the property to the subject.
- Contract offerings are more desirable than listings and should be given more weight.
- Any new construction contract must clearly identify every optional item and variation from the basic house type and any sales/financing concession included in the sales price.
- Listings must be properly identified and may include a legible copy of an MLS entry.
- Although not required, it may be helpful to make adjustments or otherwise use a sales comparison analysis grid.

Note: Sales listings, contract offers, and unsettled sales ***must not be used as comparables***. If such data is clearly identified and fully explained, however, it ***can be used to support time adjustments***.

C. PUD Section [Note: The approved Condominium and PUD list is available through the TAS "All Users" menu or can be reached directly at cpb.vba.va.gov]

1. Complete for properties located in PUD projects.
2. Comment on pending litigation, if any.

D. Site Section

1. Provide accurate lot size, frontage, and depth,
2. Identify if corner site, cul-de-sac, etc.
3. Indicate zoning - both specific community designation code and description required, identify equestrian zoning, if applicable
4. Identify highest and best use - comment required if this is other than "present use."
5. Utilities block
 - a) when utilities are not public, indicate actual source
 - b) specify whether water and sewer are public or private; wells are individual or community
 - c) if public water or sewer is available in close proximity but subject is not connected, appraisal must be conditioned for connection
6. Off site improvements block
 - a) describe type of street surfaces - comment if atypical for the neighborhood
 - b) indicate if private road - if so, property acceptability is subject to submission of evidence of **both**
 - legal right of access (i.e., recorded easement)
 - maintenance agreement (if maintenance cost to assure year-round access is significant, must be conditioned for approval)
7. Site description block - describe site as to:
 - a) topography, usable land.
 - b) size
 - c) shape
 - d) drainage
 - 1) indicate whether adequate or inadequate
 - 2) if inadequate, explanatory comments are required and appraisal must be conditioned for correction of drainage problem
 - e) view - describe (e.g., residential, commercial, park, water, golf course, etc.)
 - f) landscaping - describe (full, front only, minimal, etc.)
 - g) driveway surface (asphalt, all-weather, gravel, etc.)
 - h) apparent easements
 - i) flood hazard information
 - 1) specify whether the subject property is in a FEMA (Federal Emergency Management Agency) Special Flood Hazard Area
 - 2) identify FEMA zone, FEMA map number, and map date
 - 3) Note: "unknown," or "not available," is **not** an acceptable entry
8. Comments (use addendum if necessary) - describe any
 - a) deficiencies which may detract from the marketability or value of the site -- if none were noted, state: "NO ADVERSE CONDITIONS NOTED"
 - b) favorable features that may enhance marketability or value can also be noted here.

E. Description of Improvements Section

1. General description
 - a) units: should be 1 (if 2 to 4 living units, use the Small Residential Income Property form rather than the URAR)
 - b) stories: 1.0, 1.5, 2.0, 2.5, etc.
 - c) type - indicate attached or detached
 - d) design: indicate style (example: ranch, colonial, Cape Cod, split-level, bungalow, etc.)
 - e) existing/proposed - indicate status of construction
 - f) age - actual chronological age in years (if less than one year, specify number of months or provide date of completion)
 - g) effective age:
 - 1) stating as a narrow range is acceptable
 - 2) any significant variance from actual age should be reflected in any condition adjustment
2. Exterior description:
 - a) foundation - indicate concrete slab, poured concrete, concrete block, cinder block, brick, stone, etc. (if none, so state)
 - b) exterior walls - indicate primary material (brick, stucco, wood, etc.)
 - c) manufactured house: enter yes or no
3. Foundation description
 - a) slab/crawl/basement/sump pump
 - 1) indicate yes, no, none, etc., as applicable
 - 2) explain variance of foundations (e.g., slab under family room, crawl under rear addition, etc.)
 - b) dampness/settlement, infestation - indicate "yes" or "none observed," as appropriate **[Note: if evidence of one or more of these conditions is present, thoroughly comment on the location and severity, of the problem. If possible, indicate location on sketch. Appraisal should be conditioned to require correction/repair of the indicated problem.]**
4. Basement description
 - a) estimate percentage of basement or lower level rooms having finished ceiling/walls/floor
 - b) describe types of surfaces
 - c) describe rooms (family room, den, bedroom, rec room) and amenities (fireplace, wet-bar, etc.) on additional lines or in comments section
5. Insulation description
 - a) indicate "unknown" unless able to verify
 - b) energy-efficiency features such as solar panels, storm windows, thermo-glazed windows, insulation wrap, set-back thermostats, etc. can be noted in space at bottom of this section or in comments section below (as well as on the indicated line of the adjustment grid)
6. Room list
 - a) basement level - applicable to basement or lower levels of Split Level
 - b) level 1 - includes all finished living area at grade level
 - c) level 2 - includes all finished area above the first level
 - d) an additional line is available for a third level, if needed
 - e) room count and square feet of GLA - Note: all living areas must have adequate heat as defined in MPRs

7. Interior section
 - a) state surface materials and condition of each item
 - b) heating/cooling - specify type and condition
 - c) kitchen equipment - indicate built-in appliances (note: non-built-in or free-standing equipment is generally considered personal property and not considered in value
 - d) attic - indicate as applicable

F. Comment Section (use addendum if necessary)

1. Additional features: energy efficient items (see note regarding insulation, above), as well as other features (vaulted ceilings, etc.)
2. Condition of improvements/depreciation:
 - a) describe deferred maintenance not severe enough to require repair, such as a marginal (non-MPR) deficiency that presents no hazard to the occupant and/or the property improvements, or a cosmetic deficiency due to age, wear, or market appeal
 - b) required repairs must be
 - 1) limited to those needed to remedy VA MPR deficiencies
 - 2) clearly described so they can be identified and cleared by another person in the event of the appraiser's unavailability
 - c) occasionally, at request of a party of interest, a non-MPR repair may be required. In such cases, appraiser must state reason for repair
 - d) detail updating, and/or replacement over the last 5 years (furnace, roof, etc.)
 - e) detail functional obsolescence in relation to current market demand, floor plan, effect of additions, auxiliary heat, etc., when applicable (discussion of effective age versus chronological age can go here)
 - f) detail external inadequacies/economic obsolescence commented on under neighborhood comments section or Site Comments section as to view/proximity to adversities
 - g) office space or areas designed or used for nonresidential purposes may not exceed 25 percent of the total floor space (per VA MPRs).
 - h) mechanical equipment must be detailed in comments section
 - i) additional Features include:
 - 1) additional furnace equipment
 - 2) other major mechanical equipment
 - j) above ground pools are to be mentioned but not considered in value
 - k) in-ground pools are to be considered in value
 - l) small metal utility sheds are not to be considered in value
 - m) out-buildings such as pole barns are to be considered to the extent they contribute to residential utility
3. Adverse environmental conditions (not all-inclusive)
 - a) hazardous waste
 - b) toxic substances (radon, asbestos, etc.)
 - c) proximity to gas or petroleum pipelines
 - d) proximity to high voltage electric transmission lines

G. Cost Approach

VA does not require completion of the cost approach section ***except the following items:***

1. Indicate the ***estimated site value***
2. In the comments section on the right side, provide the estimated ***Remaining Economic Life*** of the property
 - a) must be consistent with the neighborhood analysis
 - b) comment is required if less than 30 years

H. Sales Comparison Analysis Section

1. Addresses: provide the complete property addresses for the subject and comparables (use the actual geographic location of the property, not the mailing address)
2. Proximity in relation to the subject:
 - a) if less than 1/2 mile from subject utilize "block" notation (Example: 5 blocks)
 - b) also indicate direction relative to subject (e.g., 5 blocks NW)
3. Sales price should reflect the actual contract sales price, not present market value
4. Data source: MetroScan, MLS, etc. - include document # for verification
5. Sales or financing concessions - address the effect, if any, on the comp's sales price
 - a) adjustments to comparables must be made for special and creative financing or sales concessions. No adjustments are necessary for those costs that are normally paid by sellers as a result of tradition or law in a market area; such costs are readily identifiable since the seller pays these costs in virtually all sales transactions. Special or creative financing adjustments can be made to the comp by comparisons to financing terms offered by a third party institutional lender
 - b) adjustments should reflect market reaction to the financing concession, not the dollar for dollar cost to the seller
 - c) provide comments as necessary to explain any adjustments based on appraiser's judgment
6. Date of sale
 - a) should indicate sales closed within the last six months as of the date of time appraisal--exceeding this parameter with justification is acceptable
 - b) time adjustments must be supported by at least three listings or pending sales - refer back to page 30 for a more extensive discussion of the use of listings to support time adjustments [or to Section 11.08 of the Lender's Handbook, from where this material was drawn]
7. Location/site:
 - a) provide lot size of subject and all comparables
 - b) ***note:*** the previous restriction on valuing "excess land" (which allowed assigning of full value only to that portion of the land considered typical in size for a residential home site in the subject market area) has been largely removed. See page 11-21 of the Lender's Handbook for the new guidelines.

8. View
 - a) note specific influences
 - b) provide photo if a significant adjustment is warranted
9. Design/appeal
 - a) for subject: indicate style (ranch, contemporary, manufactured) or provide other descriptive phrase (one-story or two story)
 - b) for comps: same as for subject and/or rank each comp relative to subject (equal, similar, inferior, superior)
10. Quality of construction
 - a) rate quality - comment on any quality adjustment used
 - b) trim, tile roof vs. comp roof, stucco vs. wood siding, etc. should be considered here
11. Age - state **actual** age of subject and comparables (effective age, if different, should be considered in condition adjustment)
12. Condition - rate as excellent/good/average/fair/poor--should be consistent with condition information shown on page 1
13. Room count:
 - a) comps should be similar to subject in bedroom count, if possible (adjustment for differences in bedroom or bath count can be made here or under Functional Utility, as long as the report's methodology is clearly discernible to the reviewer - provide explanatory comments as necessary - do **not** make the same adjustment twice)
 - b) Note: adjustments for room count and gross living area must be shown as separate line items (again, be careful not to "double-adjust" for the same variation under two different line items)
14. Gross living area:
 - a) should be as similar to subject as possible
 - b) adjustments not required for differences under 100 square feet
 - c) office space or areas designed or used for **nonresidential purposes may not exceed 25 percent of the total floor area**. Storage areas or similar areas that are integral parts of the nonresidential portion are included in calculating the total percentage of nonresidential area. When faced a property that appears to exceed the 25% limitation, we suggest that you contact VA for guidance before proceeding with the appraisal.
15. Basement & finished rooms below grade - specify percentage of basement finished and the number of baths (for split level residences, show lower level finished square feet and number of baths)
16. Functional utility:
 - a) any **adjustments should reflect market reaction** to any functional obsolescence of subject or comparables relative to each other
 - b) adjustments should be explained in the "Sales Comparison Comments" section and should be consistent with "Condition of Improvements" comments on page 1
 - c) see advisory note above regarding bedroom or bath adjustments
17. Heating/cooling
 - a) identify type of furnace and fuel source(central, wall, gas, electric)
 - b) state whether A/C or none
 - c) newer furnace or A/C may justify adjustment

18. Energy efficient items - replacement windows, solar heat, insulation etc. can be indicated here and adjusted as applicable
19. Garage/Carport
- a) if none, indicate if there is off-street or street parking only
 - b) state garage features; siding, attached, detached, can be considered here
 - c) adjust for condition, age, or quality, as appropriate
 - d) If converted, comment on the extent and quality of the improvement (heating, floor covering, insulation, **permits**, etc.) and whether or not it qualifies as living area or merely storage - note that any adjustments should
 - be based on market reaction
 - balance any gain in living space against the loss of parking facilities
20. Porch, patio, deck, fireplace
- a) adjustments will depend on differences in size and quality of porches, patios, decks, fireplaces, etc.
 - b) natural wood burning fireplace can warrant adjustment but cannot be used as the sole or primary heat source (see VA MPRs regarding heating)
 - c) personal property such as satellite dishes or above-ground pools are **not** to be included in the estimate of reasonable value.
21. [Blank line] - may be used for:
- a) additional custom or amenity items, such as full remodel of kitchen or bath
 - b) kitchen equipment (must be built-in to be included in value)
 - c) specific upgrades must be listed if adjustment is assigned
 - d) garage conversions or additions done without permits or where there is no evidence of permits (see guidelines below regarding when and how to condition appraisal in this situation)
22. Net adjustment (total)
- a) when the **net adjustment exceeds 15%** of sale price, the appraiser must comment as to why a more similar comparable was not used
 - b) when the **gross adjustment exceeds 25%** of sale price, the appraiser must comment as to why a more similar comparable was not used
 - c) comment when the dollar difference between the highest and lowest comparables after all adjustments exceeds 10% of the appraised value of the subject property
 - d) adjustments should be derived from the market via the extraction method and shall not be based solely on "appraiser judgment"
 - e) adjustments are not to be used to make a comparable fit to the sale price and/or asking price
 - f) appraiser is to fully support and document estimate of value that considerably exceeds actual sale price amount which is provided by lender and/or purchase agreement
23. Adjusted Sales Price of Comparable

24. Comments on Sales Comparison
 - a) explain reasoning for adjustments
 - b) explain why more weight given to some comps as opposed to others (for example, the least adjusted comparable, the most current sale, two comps weighted toward one value indicator)
 - c) attach continuation addendum if needed
 - d) for any adjustments due to location, site, design/appeal, quality of construction, or condition
 - if over \$5000, explanation is required
 - if over \$10,000, should be supported by paired sales analysis
25. Sales history of subject & comps:
 - a) one year sales history of subject and comparables required
 - b) county records and/or city data search is acceptable
 - c) state the source researched
26. Indicated Value by Sales Comparison Approach
 - a) should be consistent with reasoning expressed in comments (see item 24 above)
 - b) use of averages, medians, modes is not appropriate appraisal practice

Note: Any additions, upgrades, or other improvements (e.g., porches, pools, fireplaces, etc.) to comparables sales made *after* the date of sale should be mentioned in your appraisal report (for the benefit of a future field reviewer).

I. Indicated Value by Income Approach

1. Generally not required by VA except for income producing properties (more than one living unit) for which the appraiser should use the Small Residential Income Property form. In that case, appraiser will use value estimates developed through ***both the income approach and the sales comparison approach*** in the final reconciliation

J. Reconciliation Section (use addendum if necessary):

1. Appraisal should be made either:
 - ***As is***, if there are no MPR repairs or other requirements. If so, a statement such as “No repairs or conditions” should be made on the “Conditions of Appraisal” line.
 - ***Subject to repairs, alterations, inspections, or conditions***, if the final value is contingent upon completion of such requirements. If so, these must be listed on the “Conditions of Appraisal” line or on a referenced addendum. Any repairs should be limited to those necessary to remedy an MPR deficiency. Conditioning for installation of customer preference items that were missing as of the date of appraisal is acceptable on new construction appraisals. Be sure to provide a fully itemized list.
 - ***Subject to completion per plans and specifications***, if the property was not complete (at least to the point of customer preference items) at the time of appraisal **and** the value was based upon a review of plans and specs furnished by the lender or builder.

2. Final Reconciliation correlates all approaches to value and explains which approach has been assigned the most weight and why.

Note: Remember that VA relies exclusively on the sales comparison approach to value (except in very unusual circumstances involving inadequate or no comparable sales available or an extremely unique property). On a VA appraisal, the value estimate should never exceed that indicated by the sales comparison approach. This approach recognizes that a well-informed purchaser will generally pay no more for a property than the cost of acquiring a similar property of equal desirability and utility without undue delay. [Lender's Handbook, page 11-9]. If either of the other two approaches to value is given any weight, provide a full explanation.

3. Final Estimate of Market Value should generally be the same as the indicated value by sales comparison approach (as explained in the above "Note"). The effective date of the report should be the date you inspected the property
4. Report must be signed and dated. Provide your State Certification or License number in the space indicated.
5. The Supervisory Appraiser section is not used for VA purposes.

◆ Use of Assistants

VA fee appraisers must comply with VA's policy concerning assistants. An appraiser who has relied on significant professional assistance from any individual in the performance of the appraisal or the preparation of the appraisal report must name the individual and the specific tasks performed in the reconciliation section of the report. Under VA's fee panel system, VA is required by statute to maintain a list of appraisers who have been determined by VA to meet its qualification requirements and to assign appraisers on a rotational basis.

The fee appraiser assigned by VA must personally

- view the interior and exterior of the subject property and the exterior of each comparable
- select and analyze the comparables
- make the final value estimate, and
- sign the appraisal report as the appraiser.

The VA fee appraiser may not delegate any of these four important functions to an assistant, even though that person may be licensed or certified. The individual who signs the URAR as the appraiser must be the VA fee panel member who was assigned on the rotational basis by VA.

The URAR (and the accompanying Freddie Mac 439/Fannie Mae Form 1004B) acknowledges the use of assistants. The URAR further allows that, in some States, compliance with the intent of the Real Estate Appraisal Reform Amendments (Title XI) of FIRREA is assumed to have occurred when an unlicensed or uncertified appraiser working as an employee or subcontractor performs a significant portion of the appraisal (or the entire appraisal, if he or she is qualified to do so), as long as the appraisal report is signed by a licensed or certified supervisory appraiser. While the URAR format allows for this practice, be advised that **this is not acceptable to VA.**

Essentially, the activities that an assistant can perform alone without the VA fee appraiser are extremely limited. VA will allow an assistant to sign a report as an assistant in order to document qualifying experience for future licensing and certification purposes. However, even in this situation, the primary signatory on the report must be the authorized fee appraiser. Failure to comply with VA's requirements in this area will constitute a basis for removal from the fee panel.

CHAPTER 8

ADMINISTRATIVE ACTIONS

VA appraisal quality standards, including specific definitions and examples of **substantive** and **non-substantive** errors are discussed on page 23. Additional examples of unacceptable conduct or performance in the areas of timeliness, quality, or customer service have been described throughout the preceding chapters. VA expects all Fee Appraisers to adhere to our general guidelines in all of these areas. Failure to comply will form the basis for administrative action on the part of VA. Repeated violations will result in progressively more severe action. The following summary of deficiencies is not all-inclusive but is intended to supplement the examples given on page 23:

- Substantive violation(s) of established VA policies or procedures.
- Substantive negative work quality finding(s) of a nature that would materially or significantly impact the value or condition of the property.
- A series of non-substantive negative work quality findings, which in the aggregate would establish a pattern of careless or negligent performance.
- Technical incompetence (i.e. appraisal reports which demonstrate insufficient knowledge of industry-accepted principles, techniques, and practices).
- Improper conduct (i.e. conduct or behavior not befitting a professional and/or not in the best interest of VA or of VA program participants).
- Continued disregard for VA requirements after they have been called to the appraiser's attention.

In instances where an appraiser chooses to disregard these guidelines, VA is mandated to take corrective action. VA has discretion to employ a wide variety of administrative (i.e., disciplinary actions) as circumstances dictate. Some of these include the following:

- **Withholding of Appraisal Assignments** -- imposed by the Valuation Officer for a period of **up to 60 days**.
- **Limited Denial of Participation (LDP)** -- imposed by the Director of the Regional Office for a period of **one year**.
- **Debarment/Suspension** -- imposed by the Department of Veterans Affairs for a **minimum period of one year**.

Complaints

The VA Regional Office shall consider a lender's valid report of complaint as a basis for administrative (disciplinary) action. Administrative action, if appropriate, shall be based upon a thorough VA review of:

- the facts and evidence presented in support of the allegation(s)
- full consideration of any response provided by fee appraiser.
- the number of previous cumulative negative findings and/or complaints documented in the fee appraiser's performance folder

Disciplinary Due Process

Any Fee Appraiser receiving notification that assignments are being withheld, or that other administrative or disciplinary action is being taken, will be afforded the opportunity to appeal the action in writing, or in person, or both by requesting a meeting with the Fee Roster Committee at the Regional Loan Center in Phoenix.

The Fee Roster Committee typically consists of the Loan Guaranty Officer, the Assistant Loan Guaranty Officer, and the Valuation Officer. Appellate rights and procedures will be explained in detail within the disciplinary action letter.

If, after all due process and appellate procedures have been exercised, the disciplinary action is upheld, that Fee Appraiser is subject to having his or her name -- and the reason for the disciplinary action -- reported to the state licensing authorities and/or to any professional appraisal organizations of which the appraiser is a member.

CHAPTER 9

LIQUIDATION APPRAISALS

Basic Liquidation Appraisal Guidelines

Detailed instructions outlining specific VA requirements for performing liquidation appraisals are found in the Lender's Handbook, pages 11-25 through 11-29. The following highlights are offered for emphasis.

Realistic Appraisals

Realistic and objective appraisal reports that accurately reflect overall market conditions and the market value of the subject property are essential to the integrity and viability of the VA Loan Guaranty Program. Because of concerns over the accuracy of liquidation appraisal procedures, especially in areas experiencing soft market conditions, procedures are being implemented as stated below. Appraise all foreclosure or liquidation assignments for **current market value** as a residential unit.

Access to Interior

- Interior access to the property is critical in the liquidation appraisal process to ensure that a proper appraisal has been performed; and that all existing conditions of the subject property have been considered in the sales comparison analysis. A sample letter to assist in gaining access to occupied properties is shown on page 45.
- While it is expected that the fee appraiser, with assistance from the lender/servicer/holder should in most cases be able to gain access, there are some exceptions. These are listed in the Lenders Handbook along with specific instructions for documenting your access attempts (see "Liquidation Appraisal Addendum," below) and suggested means of estimating the interior condition. On vacant properties, permission to do an exterior-only appraisal may in rare instances be authorized by VA. Access attempts must be thoroughly documented on all vacant properties using the form shown on page 46.

URAR Must Be Made "As Is"

- All liquidation appraisals will be performed considering the subject property in its present "as is" condition. It is important to understand that by "as is" we simply mean that the property is to be considered as it presently stands with whatever physical inadequacies may exist, if any. Furthermore, the term "as is" does not imply that the property is necessarily in a poor state of repair. A property that is in a good state of repair with no physical inadequacies is also considered "as is." To arrive at the "as is" value, fee appraisers are to make appropriate adjustments in the sales comparison analysis to reflect needed repairs and/or physical inadequacies present in the subject property at the time of the appraisal. Both required MPR repairs **and** non-MPR (or cosmetic) repairs should be considered if they would enhance the value or marketability of the property to the typical buyer in the local real estate market.

- The fee appraiser will provide an itemized list of all repairs (MPR and non-MPR) considered necessary and which affect the marketability of the property. The itemized list will indicate the estimated cost to cure and the contributory value, if any, of each repair. In estimating the contributory value, it should be recognized that cost does not always equal value and that in some cases, several individual repair items must be considered in the aggregate before they are recognized by the general real estate market as contributing to value. The required format for the repair list is included as part of the **Liquidation Appraisal Addendum** [on page 11-28 of the Lender's Handbook. It is also reproduced on page 47 of this book.]

Selection of Comparables

- Comparables must be the best available in the subject's market area, considering typical transactions and actions of typical buyers and sellers.
- Comparables must not be restricted solely to those in a similar "as is" condition. A property in the immediate area but in a better condition than the subject may, with proper adjustments to the sales price, be a better indicator of value than a comparable in a similar condition but in a different area

SLMP Cases

Remember that lenders/servicers/holders who are participating in the **Servicer Loss Mitigation Program (SLMP)** or who are authorized by VA to handle compromise sales or short sales are entitled to receive a full original report directly from the fee appraiser at the same time you send your appraisal report to VA.

Required Liquidation Addendum

In addition to the itemized repair list and the documentation on access attempts (see previous page), the Liquidation Appraisal Addendum requires the following additional information:

- **Emergency Repairs** - Beyond the MPR repairs and non-MPR repairs as discussed above, the fee appraiser must also provide a list and cost estimate of any emergency repairs that are required to preserve or protect the property from vandalism, extreme weather conditions or to protect the public.
- **Occupancy Information** - (if necessary, use "Comments/Continuations" section)
 - ⇒ If **vacant**, recommendations for draining the heating and plumbing systems, shutting off power lines, and locking doors and windows (this information may be included with the "emergency repairs")
 - ⇒ If **owner-occupied**, the occupant's name
 - ⇒ If **tenant-occupied**, the tenants/occupants' name(s), period of occupancy, lease terms and expiration date, monthly rental, dates of payment and to whom payable.

- **Analysis of Competitive Listings or Contract Offerings** - Fee appraisers shall provide in all liquidation appraisal cases, in addition to the three closed sales on the appraisal report form, information on at least three competitive listings or contract offerings considered the most similar and proximate to the subject property and certain general market information as specified below. This information is intended to lend additional support to the value estimate and assist VA staff in evaluating competing market conditions and trends affecting the subject property (especially in areas that are experiencing significant market fluctuation, negative or positive). It is also intended to assist in ensuring that fee appraisers are reconciling the closed sales data with current market conditions. **Note that an “analysis of listings and offers” is required, as part of the Liquidation Appraisal Addendum, for all liquidation appraisals** (unlike origination appraisals, for which the Lender’s Handbook mandates the use of a listings/offers addendum only if a time adjustment is made or if a “significant market transition is indicated”). Listing information and adjustments are to be provided on the URAR grid.

Extension of Validity Period of Liquidation Notices of Value

Past practice in the Phoenix RLC had been to extend liquidation appraisals past their validity period of 6 months.

As of June 2002, we no longer grant administrative extensions. Instead we adopted the following policy:

- If the sale date is **more than 45 days** past the expiration of the appraisal, the servicer will be advised to order a **new appraisal**.
- **If the sale date is 45 days or less, past the expiration of the appraisal**, the servicer will be advised contact the original fee appraiser and order a "site inspection". The fee for this is \$65.00 and can be documented on the invoice as "site inspection".

In conducting this site inspection, the appraiser will visit the property to determine that:

- **The condition of the property has not deteriorated.**
- **General market conditions have not suffered.**

The appraiser, will E-Commerce a letter to VA and the servicer providing the date they visited the property and addressing the above conditions. If either the property or the market have suffered, then the appraiser should advise VA immediately so a new appraisal may be ordered.

Revised 4/8/2003

Sample Letter Interior Access to Occupied Properties

You are to affix the letter below to the front door of occupied properties when you have not been able to contact the occupant(s).

Estate Appraisals
South Main Street
Santa Fontana, CA 91231

Date: _____

Dear _____:

My name is: _____. I have been assigned by the Department of Veterans Affairs (VA) to complete an appraisal on your property because of the possibility of foreclosure action in the near future.

Please call my office at (502) 123-4567 within 3 days to arrange for an appointment so that I may view the interior of your property, to enable you to receive a proper estimate of the value of your home.

Not allowing the appraiser to view the interior of your home will not stop the foreclosure from taking place. In fact, your future liability to the government may increase, since I may need to make assumptions about the interior condition of the property if access is not gained.

If you have any questions concerning this appraisal assignment, please call the Department of Veterans Affairs at 1 (800) 827 - 1000

Sincerely,

VA Fee Appraiser

[Liquidation Appraisal Addendum - Sample Format]

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>Estimated Contributory Value</u>
1. _____	_____	_____	_____
2. _____	_____	_____	_____
3. _____	_____	_____	_____
4. _____	_____	_____	_____
	Totals	\$_____	\$_____

ANALYSIS OF LISTINGS AND OFFERS:

No. 1 - List or Sales Price (current and previous with dates of change)

\$ _____

Days on Market ____ Comparison with Subject

No. 2 - List or Sales Price (current and previous with dates of change)

\$ _____

Days on Market ____ Comparison with Subject

No. 3 - List or Sales Price (current and previous with dates of change)

\$ _____

Days on Market ____ Comparison with Subject

COMMENTS/CONTINUATIONS:

CHAPTER 10

MANUFACTURED HOUSING ON PERMANENT FOUNDATION

Basic VA Requirements

The detailed instructions provided in the Lenders Handbook supersede the various local policies that had been previously in effect at the Regional Offices. Because the appraisal-related requirements are scattered throughout several Lender's Handbook Chapters, you may find the ***Manufactured Housing Summary Sheet*** on page 49 useful as an at-a-glance reference.

Other relevant information in regard to manufactured housing appraisals includes the following:

- As with all real property appraisals for VA, requests will be made via VA Form 26-1805-1 (Request for Determination of Reasonable Value).
- Appraiser must state on the URAR that the subject manufactured home is or is not on a permanent foundation (including a permanent perimeter enclosure if required by the local authority).
- If the subject manufactured home is not on a permanent foundation, appraise it as if it were on an acceptable permanent foundation and condition your URAR "*subject to repairs . . .*"
- The sale of other manufactured homes on permanent foundations shall be used as comparables in the market data analysis. If the appraiser's report states that such comparables are not available, the appraiser may use the best comparables available and adjust as appropriate in the market grid.
- Perimeter enclosures must meet the requirements of the local authority and additionally must
 - ⇒ Be solid.
 - ⇒ Have adequate ventilation.
 - ⇒ Have an access to the crawl space.
- If there is no access to the foundation, contact the requester and have them make arrangements for access and have them contact you for a re-inspection of the foundation.
- Regular vertical or horizontal woven or slatted metal skirting is not acceptable (solid metal skirting is acceptable).
- The tongue, wheels and axles must be removed. Be sure to condition your URAR accordingly ("*subject to removal of . . .*")

MANUFACTURED HOUSING SUMMARY SHEET

This sheet summarizes the various **Lender's Handbook** References regarding Manufactured Housing appraisal requirements. Consult the Lender's Handbook itself for the fully detailed instructions.

Basic Requirements (Pg. 10-10)

To be eligible for a VA loan term of 30 years, a manufactured home must be

- classified and taxed as real property
- properly affixed to a **permanent foundation** (Section 12.10)
- substantially conform with VA MPRs (Chapter 12), and
- conform with applicable building code and zoning requirements for real estate

Specific Requirements

Existing Construction (Pg. 12-20): Foundation for a manufactured home has been fully completed and the manufactured home unit has been installed. **Note: Always report the date the unit was installed on the foundation.** There are two MPR-related requirements:

- The site, manufactured home unit, and other on-site improvements must meet VA MPRs for existing construction (Chapter 12).
- The manufactured home unit must be properly attached to a permanent foundation system which is constructed to withstand both supporting loads and wind-overturning loads, and is acceptable to the building authority having jurisdiction.

Note: If the fee appraiser has reasonable doubts as to the acceptability of the foundation system *where there are no local requirements*, the appraisal report may be conditioned for a statement of acceptability from a registered professional engineer. Considering their cost, such statements should be required only when necessary and not just as a measure of liability protection for fee appraisers.

Proposed or Under Construction (Pg. 12-21): Foundation for a manufactured home has **not** been fully completed and the unit has **not** been installed. Appraisal will be based on plans and exhibits as well as inspection of the unit if on site. There are two MPR-related requirements:

- The site and on-site improvements (but not the manufactured unit itself) must meet the VA MPRs for proposed construction (Section 12.02).
- The manufactured home unit must be properly attached to a permanent foundation system which is constructed to withstand both supporting loads and wind-overturning loads, and is acceptable to the building authority having jurisdiction.

Required Exhibits Accompanying 26-1805-1 (Pg. 10-25)

Specific requirements for acceptable Manufactured Housing foundations are provided in chart form on pages 12-22 and 12-23 of the Lender's Handbook.

Other Appraisal Requirements (Pg. 11-19)

The appraiser must enter the manufactured home unless it is **both new and has not been delivered to the dealer or to the site**. If other M. H. on permanent foundations are not available for use as comparables, the appraisal report must so state, and show in the market analysis grid that the sales prices of the best conventional home sales available were properly adjusted.

CHAPTER 11

INDIVIDUAL PROPOSED CONSTRUCTION

Basic VA Requirements

Detailed instructions appear in the Lenders Handbook, mostly in Chapters 10 and 11. Required construction exhibits, which should accompany the 26-1805, are listed and described on pages 10-22 and 10-23. Appraisal requirements that are unique to proposed construction are covered on pages 11-17 and 11-18. The following highlights and/or supplemental guidelines are provided for reference:

- When appraising proposed construction cases, only those features incorporated in the plans and specifications are to be considered in the estimate of reasonable value.
- If the sales contract or plans and specifications are not in agreement with the existing construction, contact the requester for clarification or a change order.
- Note that VA Form 26-1852 Description of Materials is no longer required. The builder may use an alternate format as long as it is sufficiently detailed for VA appraisal and compliance inspection purposes.
- Plans and specifications must be 8 ½" x 14". Do **not** forward full size plans and specifications to VA.
- Appraise the property as **new construction (existing)** if customer preference items (e.g., carpet, wallpaper, kitchen appliances, light fixtures, etc.) are the only items to be completed. Plans and specifications are **not** required to complete the appraisal in these cases.
- Appraise all proposed construction cases as **proposed** if more than customer preference items remain to be completed (i.e. driveway, sheet rock, shingling of the roof, grading, etc.).
- Closed sales and any contracts for sale must clearly show any sales incentives, optional items, and type of financing so that their effect on the final estimate of value may be considered.

Appraiser's Certification

The following appraiser's certification must be placed next to the sketch on all VA proposed cases:

"I hereby certify that the information contained in ___ [specific identification of all construction exhibits (e.g., Smith Construction Plan Type A, 9 sheets, VA Form 26-1852, plot plan by Jones, Inc.)] was used to arrive at the estimate of reasonable value noted in this report."

Appraiser's Signature	Date
-----------------------	------

Certification from Architect, Surveyor, Land Planner, or Engineer

Additionally, in all proposed constructions cases, VA will require certifications from architects, surveyors, land planners, or professional engineers, or other technically qualified individuals approved by VA for such purposes, that the drawings or plans and related specifications submitted are in conformity with applicable VA MPRs. The certification will read as follows:

"I certify that the construction exhibits for (identification of the property by house type, lot, block, subdivision name, etc.) meet all local code requirements and are in substantial conformity with VA Minimum Property Requirements, including the energy conservation standards of the 1992 Council of American Building Officials' Model Energy Code and the requirement for lead-free water piping."

Plan Certifier's Signature	Certifier's Title	Code Number	Date of Certification
-------------------------------	-------------------	-------------	--------------------------

[Note: VA will accept HUD Form 92541, Builder's Certification of Plans, Specifications and Site, in lieu of this certification.]



Addendum to Fee Appraiser's Report: Client Requirements

VA Case #: _____

Property Address: _____

Subject/Comps Listing History:

	<u>Subject</u>	<u>Comp #1</u>	<u>Comp #2</u>	<u>Comp #3</u>	<u>Comp #4</u>	<u>Comp #5</u>
Listing						
Sales Price						
D.O.M.						

The current **sales price to listing price ratio** is _____%
_____ months ago sales price to listing price ratio was _____%

The current **Average Marketing Time**-for this market is _____ days.
_____ months ago the **Average Marketing Time** was _____ days.

VA Certification:

"I have considered relevant competitive listings and/or contract offerings in the performance of this appraisal and in the trending information reported in this section. *If a trend is indicated, I have attached an addendum providing relevant competitive listing/contract offering data.*"

Appraiser's Signature for VA Certification- _____ Date _____

Appraised Value (from URAR): _____

Data Source(s) for Subject and Comps:

	<u>Subject</u>	<u>Comp#1</u>	<u>Comp#2</u>	<u>Comp#3</u>	<u>Comp#4</u>	<u>Comp#5</u>
Source#1						
Source#2						

Comments on Sales Concessions or on Comps over 6 months old:

RAM Information:

R (Received): _____

A (Appraised): _____

M (Mailed): _____

Comments on RAM dates (if necessary use an addendum): _____

Condominium / PUD Supplemental Information (N/A for all other property types)

VA/HUD Condo Approval ID# (Condos only): _____

Comment on Adequacy of HOA Dues/Assessments: _____

Phone # of HOA Management Company: _____

Fee Personnel Vacation Request Form

Please **e-mail** (preferably) or fax this form to VA **at least 7 days in advance** of the date you wish to have your VA appraisal or inspection assignments stopped due to vacation or other planned period of unavailability. In emergency situations that preclude advance notice, please contact VA as soon as possible. Additional instructions on the use of this form are provided on pages 9 and 10 of this Fee Appraiser Handbook.

To: Construction & Valuation/Phoenix Regional Loan Center

E-mail: VAVBAPHO/RO/CVGC@vba.va.gov

Fax #: (602) 640-4816

FROM: _____ **VA ID#** _____
VA Fee Panel Appraiser/ Inspector

Original VA Office Affiliation: Phoenix Oakland Los Angeles San Diego

I request to have my VA assignments stopped for the period shown below for the following reason(s):

- Vacation
- Other scheduled absence (appraiser education, etc.)
- Catch up on workload backlog
- Emergency or Illness
- Other: _____

I will be **unavailable for VA work** from (date) _____ to (date) _____

I request that **no new assignments** be made beginning (date) _____ and that new assignments resume on (date) _____.

[Note: assignments must be stopped **at least 5 working days prior to the date of actual unavailability**. This allows time for any in-transit 26-1805's to be received and appraisals completed (or reassigned by VA). Your signature below acknowledges that you accept responsibility for completing and e-mailing all pending assignments prior to your departure or contacting VA to arrange for reassignment.]

Appraiser's Signature: _____ **Date** _____

For VA Use Only

- Request approved as indicated above. TAS updated accordingly.
- Other: _____
Date and Initials of C&V Staff _____



DEPARTMENT OF VETERANS AFFAIRS
 REGIONAL LOAN CENTER
 3225 NORTH CENTRAL AVE.
 PHOENIX, AZ 85012-2489

12/11/2000

Loan Guaranty Information Bulletin No. 26-00-30

SUBJECT: Schedule of Appraisal Fees for Arizona and Southern Nevada

1. Effective January 1, 2001, the appraisal fees listed in the following paragraphs are authorized for all counties in Arizona, as well as Clark and Lincoln Counties of Southern Nevada. Other changes in the fee structure include appraisal update, optional variations at \$25.00 per page (8.5 x 14, 12 point font) in lieu of \$2.00 for each optional item, a **travel fee rate of 36 cents per mile effective January 1, 2003**, clarification of late charges, cancellations and complex appraisals.

2. INDIVIDUAL APPRAISALS (Except Condominiums)

a. Existing Properties:

1 family.....	\$350
2 family.....	\$500
3 family.....	\$500
4 family.....	\$500

b. Proposed Properties:

1 family.....	\$400
2 family.....	\$550
3 family.....	\$550
4 family.....	\$550

c. Miscellaneous Appraisals:

Liquidation Appraisal Assignments.....\$350 (includes condo liquidation assignments)

Partial Release of Real Property.....\$350

Manufactured (Mobile) Homes.....\$350

Appraisal Update.....\$200 Maximum. [Please refer to LGIB 26-95-24, dated 11/22/95, for clarification of appraisal update vs. appraisal reconsideration.]

3. MASTER APPRAISALS (FIVE OR MORE UNITS)

a. Fees are computed for each master appraisal on the following basis:

- 1. Each plan type (Proposed)..... \$400
- 2. Each lot..... \$10
- 3. Optional Variations/Upgrades..... \$25 per page
- b. Minimum fee per appraiser.....\$700

4. CONDOMINIUM APPRAISALS

Condominium Unit (Existing individual unit)..... \$350

5. MASTER CONDOMINIUM APPRAISALS

A one-time condominium project fee will be assessed the builder/developer on all proposed and existing (not previously approved) master appraisal requests. The computation for master appraisal fees will be divided into two steps as shown in a and b below, the combination of which shall constitute the "total master appraisal fee."

a. Horizontal, Low Rise, and High Rise Condominiums. The one-time fee for the first master assignment in a condominium project will be a flat \$250. (No project fee charge for repeat master appraisal assignments in the same project.)

b. Additionally, the following will be used for computation of fees based on the number of units and plan types:

- 1. Each plan type (Proposed).....\$400
- 2. Each plan type (Existing)..... \$350
- 3. Each unit.....\$10
- 4. Optional Variations/Upgrades..... .\$25 per page

c. Sample Computation: Project contains 100 units and 4 plan types:

Project fee (first time only)..... \$ 250
 400 X 4 plan types..... \$1,600
 100 units X \$10 per unit..... \$1,000
 Total master appraisal fee.....\$2,850

6. INSPECTION FEES

Each New Construction Compliance Inspection..... \$65
 Each Alteration or Repair Inspection..... \$65
 Each Required Re-inspection.....\$65

7. TRAVEL FEES

A mileage rate of **36 cents per mile (effective 1/1/03)** will be authorized when the appraisal or compliance inspection assignment is out of the appraiser or inspector's geographic area to which they are assigned.

Example: Your assigned area is Maricopa County, AZ, and VA has authorized you to work a case in Pinal County, AZ or your assigned area is Clark County, NV, and VA has authorized you to work a case in Lincoln County, NV. Mileage will be authorized from the appraisers place of business to the job site and return.

8. LATE CHARGES

Lenders and other appraisal requesters should note -- VA Form 26-1805-1 (Request for the Determination of Reasonable Value) states:

"On receipt of 'Certificate of Reasonable Value' or advice from the Department of Veterans Affairs that a "Certificate of Reasonable Value" will not be issued, we agree to forward to the appraiser the approved fee for which we are holding for this purpose."

Appraisers (and other fee personnel) are authorized to collect a reasonable late charge for fees that are not paid promptly. Reasonable "late charges" are defined as "no greater than \$10.00 per month after 30 days have elapsed from the date of billing". Further, in those cases where VA has documented evidence of non-compliance with this policy, fee appraisers will be given authorization to collect their fee prior to the performance of the appraisal.

9. CANCELLATIONS

Lenders must notify the fee appraiser and VA if a case is to be canceled. A reasonable fee for partial work already performed may be charged at the discretion of the fee appraiser.

10. UNUSUAL OR COMPLEX CASES

In unusual or complex appraisal or compliance inspection situations that are not covered by this bulletin, fees will be set by the **Valuation Officer**. In these cases the Fee Appraiser must have written authorization from the requester with the fees clearly stated.

/S/

ROBERT JOHNSON
Loan Guaranty Officer

DISTRIBUTION: All Loan Guaranty Program Participants

RESCISSION: LGIB 26-95-43, dated 11/8/1995



DEPARTMENT OF VETERANS AFFAIRS
Regional Loan Center
3225 North Central Avenue
Phoenix, AZ 85012-2489
Website: <http://www.vahomes.org/pn/>

Loan Guaranty Information Bulletin No. 26-01-10

To All Fee Appraisers

SUBJ: Electronic Submission of Appraisal Reports (E-Commerce) for Appraisers

1. On or after August 1, 2001, we will accept from all VA Fee Appraisers in Arizona and Southern Nevada electronically transmitted appraisal reports to our office and to those lenders that elect to participate in this new E-Commerce program.

Exception: Those Fee Appraisers who complete, on average, fewer than five (5) appraisals a year for VA will not be required to (but are encouraged to) use E-Commerce to transmit their appraisal reports to VA. Fee Appraisers who are granted this exception will be required to use an overnight service provider to deliver their appraisal reports to VA and to the participating LAPP lender.

2. The appraisal package must be in a Portable Document Format (.PDF) and attached to your e-mail. Only send one (1) appraisal report per e-mail message. When appraisers address their e-mail messages, they must put the VA case number in the SUBJECT block as 45-45-6-1211234, and not as 1211234. Also, please name or rename the .PDF file itself, with the VA case number 45-45-6-1231234.pdf, and not 1211234.pdf.

3. Please send a complete test appraisal report .PDF file to 45/testurar@vba.va.gov. (Note: This test report should not be an active VA file unless sent through regular channels as well). Upon approval of the test file we will advise you that you may start sending active VA appraisal report .PDF files to our office and to Lenders participating in the Lender Appraisal Processing Program (LAPP). At that time, we will also provide you the e-mail addresses at VA to send appraisals for existing cases, proposed cases, liquidation cases and LAPP. Appraisals involving Master Certificates of Reasonable Value (MCRVs) will not be accepted electronically at this time. You must continue to submit these reports in hard copy until further notice.

4. Appraisers should not submit the Request for Determination of Reasonable Value (VA Form 26-1805-1) as a part of the .PDF file.

5. In individual proposed construction cases the following exhibits will be electronically transmitted with the Fee Appraiser's appraisal package:

- Description of Materials (VA Form 26-1852) or builder version
- Plot Plan
- Foundation Plan
- Floor Plan
- Exterior Elevations
- Typical Wall Section

6. Limiting file size is important when monitoring storage of files on our system, it should be an important item to consider for your system storage also. As a rule of thumb, an existing .PDF appraisal file should not exceed 2000 KB and a proposed .PDF appraisal file should not exceed 3000KB. The following information is to assist you in reducing your file size:

a. Camera Settings

1) If your camera has “good”, better, best” options for picture quality and “standard, fine” options for resolution, the settings need to be better and standard.

2) If your camera has other options for quality and resolution, select the medium or low setting.

3) Contact the hardware vendor for any assistance.

b. Scanner Settings

1) Be sure that the scanner you own or purchase has the capability of 100DPI. This is necessary to ensure your file size remains within specified limits.

2) Most scanners default to Color Photo as the type of scan. This is not a viable choice for our purposes. Therefore, a different setting will need to be selected. Typically, black and white is the best setting.

3) Turn off any automatic features of the scanner.

4) Contact the hardware vendor for assistance in selecting appropriate settings and changing default settings to reflect the settings best for you.

5) Most scanned items are acceptable at 100 DPI, maps are the main exception. In order to ensure that maps are of an acceptable quality, the resolution may need to be higher than 100 DPI. This will depend largely on the quality of the original map used in the scan.

7. Participation by LAPP lenders is optional. Lenders may download a free copy of the "Acrobat Reader" from the Adobe web-site (www.adobe.com) to view and print the E-Commerce appraisal package. If a lender wants the Fee

Appraiser to electronically transmit an appraisal package to their office, the lender must provide their e-mail address under their mailing address on the Request for Determination of Reasonable Value (VA Form 26-1805-1, Block 5). This will be the authorization for the Fee Appraiser to electronically transmit the appraisal directly to the lender (no original hard copy required). For LAPP lenders not participating in E-Commerce, appraisers will provide them with a hard copy of the report, using an overnight delivery service, and electronically send us our copy of the appraisal report.

8. If you are an appraiser planning to scan your entire appraisal report and create a Portable Document Format (.PDF) file, please contact Marta Kumer, E-Commerce technical support at 602-640-4749. We have a .PDF template to make it easier for you.

9. If you experience problems in setting up your system we suggest that you contact your hardware or software providers for assistance.

10. Attached is a copy of the release we sent to the lenders regarding this program. If you have any questions, please do not hesitate to contact the Construction & Valuation staff at 602-640-4749 or Marta Kumer, E-Commerce technical support at 602-640-4749.

Sincerely,

/signed/

ROBERT JOHNSON
Loan Guaranty Officer

Attachment

DISTRIBUTION: Arizona and Southern Nevada Fee Appraisers

DEPARTMENT OF VETERANS AFFAIRS
Regional Loan Center
3225 North Central Avenue
Phoenix, AZ 85012-2489
Website: <http://www.vahomes.org/pn/>

**SUMMARY OF INSTRUCTIONS FOR NEW
VA E-COMMERCE FORMAT REQUIREMENTS
June 2002**

WHAT ARE THE NEW REQUIREMENTS?

The Construction & Valuation (C&V) functions for California and Northern Nevada are being consolidated to the Phoenix VA Regional Loan Center (RLC). VA is requiring new formats for (1) the name of the URAR/appraisal package .pdf file; and (2) the **SUBJECT** line of the e-mail which transmits the package to VA. This will help us manage the expanded workflow most efficiently for the veteran and program participants, and support VA's data analysis and quality review functions for the entire region.

DOES THIS CHANGE ANYTHING IN THE URAR REPORT, ITSELF?

No, you should not change anything in the report, such as "File Number" or "VA File Number."

WHAT IS A .PDF FILE?

The .pdf file is the file that your appraisal software package creates when it processes the URAR/appraisal information. A .pdf file type means "portable document format," which is the term used by Adobe Acrobat. Adobe Acrobat software is the part of your appraisal software that enables the URAR/appraisal package to be displayed electronically, looking the same way no matter what kind of computer anyone uses to see the report.

HOW DO I NAME THE .PDF FILE USING THE NEW FORMAT?

If your appraisal software package lets you enter an explicit name for the URAR/appraisal package file it creates, you may enter the correct file name at the file naming opportunity. This could be when you save the report file and have to give it a name. *If your software creates the name automatically, or if your software doesn't permit a long file name, or if it doesn't allow certain special characters in the name:* You will need to rename the file after your software package has created it. The finished URAR/appraisal package file that your appraisal software produces for mailing must always be an Adobe Acrobat .pdf file type. (This was an original requirement at the start of e-commerce, and all of the six tested & approved appraisal software packages have an Adobe Acrobat program embedded in them that creates .pdf files.)

To rename the file, start an Adobe Acrobat session. Then at the Adobe Acrobat main menu at the top of the screen: Click File. Click Save As... In the File Name box enter the new name with the correct format. Click Save, and indicate where on your PC you want the file saved. Attach the file from its saved location to your transmittal e-mail to VA.

WHAT IF I DON'T KNOW HOW TO USE MY APPRAISAL SOFTWARE OR ADOBE ACROBAT TO RENAME THE FILE, OR ATTACH IT TO TRANSMITTAL E-MAIL?

You will need to talk to your appraisal software package vendor to obtain instructions specific to your software. You may also call or write to the VA E-commerce support contact person for assistance in obtaining more information: (602) 745-22214, or toll free 1-888-869-0194, Ext. 2214, or e-mail: lgymkume@vba.va.gov

WHAT IS THE NEW .PDF FILE NAME FORMAT?

Name or rename, the URAR/appraisal package .pdf file as follows:

- 12-digit Case # [No space]
 - Type Designation: LAP *or* LGI *or* IND
- where LAP refers to LAPP cases; LGI to Liquidations; and IND to VA appraisals (that is, non-LAPP, non-liquidations)

- Semi-colon Space
- Appraiser's last name
- Comma Space
- Initial of Appraiser's first name
- Period
- Semi-colon Space
- ZIP code of the subject property
- Make sure the file extension remains: **.pdf**

EX: 45-45-6-9999999LGI; Smith, J.; 85251.pdf

NOTES:

- THIS DOES NOT CHANGE ANY NUMBERS IN THE URAR, ITSELF; such as File Number, VA Number, etc.
- "45-45-" is the jurisdiction; could be 43-43-, 44-44-, 77-77-, etc.
- "6" is the type (for newer cases, 250's); could be 2 (older cases, pre-March 1987-often 033's), 5 (refunded type 2-VA acquired), or 8 (refunded type 6-VA acquired)
- If the case is either type 5 or 8, use LGI for the 3-character type designation
- If the file is an addendum, add A immediately after the 3-character type designation (no spaces); an addendum may be, for example, liquidation repairs *EX: 77-77-6-9999999LGIA; Smith, J.; 95251.pdf*

- If the file is a revised, complete URAR/appraisal package file, add R immediately after the 3-character type designation (no spaces)

EX: 44-44-6-9999999LGIR; Smith, J.; 99991.pdf

- Do *not* include extended ZIP code number
- Some appraisal software packages do not support this file naming format; in which case, open the .pdf file in Adobe Acrobat and use the "File/Save As" function to rename the file as required.

WHERE DO I ENTER THE E-MAIL SUBJECT INFORMATION?

When you start a new e-mail message to send the completed electronic URAR/appraisal package file to VA, you will have an opportunity to enter a SUBJECT for the e-mail.

WHAT IS THE NEW E-MAIL SUBJECT FORMAT?

Format the URAR/appraisal package file transmittal e-mail Subject as follows:

- 12-digit Case #
- Semi-colon
- Space
- Type Designation: LAP *or* LGI *or* IND

where LAP refers to LAPP cases; LGI to Liquidations; and IND to VA appraisals (that is, non-LAPP, non-liquidations)

EX: 43-43-6-9999999; LAP

NOTES:

- THIS DOES NOT CHANGE ANY NUMBERS IN THE URAR, ITSELF; such as File Number, VA Number, etc.
- "43-43-" is the jurisdiction; could be 45-45-, 44-44-, 77-77-, etc.
- "6" is the type (for newer cases, 250's); could be 2 (older cases, pre-March 1987-often 033's), 5 (refunded type 2-VA acquired), or 8 (refunded type 6-VA acquired)
- If the case is either type 5 or 8, use LGI for the 3-character type designation
- If the file is an addendum, add A immediately after the 3-character type designation (no spaces)
- If the file is a revised, complete URAR/appraisal package file, add R immediately after the 3-character type designation (no spaces)

EX: 77-77-6-9999999; LAPR

WHERE DO I SEND THE URAR/APPRAISAL PACKAGE E-MAIL?

Send URAR/appraisal package .pdf files to VA as follows:

- o **LAPP Cases: 45/LAPPAppraisals@vba.va.gov**
- o **Liquidations: 45/Liquidations@vba.va.gov**
- o **Non-LAPP, Non-liquidations: 45/VAAppraisals@vba.va.gov**

NOTE: "45/" refers to the Phoenix Regional Loan Center Internet e-mail location and has nothing to do with the case numbers, for instance those that start with "45-45-".

WHAT IS THE PROPER SECURITY SETTING FOR URAR/APPRAISAL PACKAGE .PDF FILES SENT TO VA?

Make sure the Security Setting for the URAR/appraisal package .pdf file sent to VA is set to "NO SECURITY" -- "Adobe Standard Security" is NOT the correct setting. VA must be able to "mark up" the appraisal and "digitally" attach the staff appraiser's signature as reviewer. Send URAR/appraisal package .pdf files to lenders, other requesters, with full security settings.

Do you have any other questions about the new requirements? Contact Phoenix VA Regional Loan Center Construction & Valuation: Toll-free 1-888-869-0194, Ext. 4749 (Phoenix local 602-640-4749); or write VAVBAPHO/RO/CVGC@vba.va.gov

SIGN UP FOR NEW PHOENIX RLC ELECTRONIC NEWS SERVICE to receive by e-mail bulletins, program & training announcements, and other news "hot off the press!" Go to the Phoenix Regional Loan Center website:

<http://www.vahomes.org/pn/> -- then click on **Subscribe to Electronic News Service**



DEPARTMENT OF VETERANS AFFAIRS
REGIONAL LOAN CENTER
3225 NORTH CENTRAL AVE.
PHOENIX, AZ 85012-2489

GUIDELINES AND PROCEDURES FOR REQUESTING RECONSIDERATION OF VALUE

1. The LAPP lender or LAPP Staff Appraisal Reviewer should send a cover letter to the VA fee appraiser with a copy of Lender's Notice of Value summarizing the reasons for their request **and the specific value being requested**.
2. For additional comparable sales, **enter all data on Grid Form below** or on a similar attachment. To be truly relevant, these sales should have closed within the past six months and be similar to the subject home in most major respects. NOTE: Sales that are not reasonably comparable to the subject will **NOT** be considered. NOTE: Assumptions are not acceptable.
3. Photos and location maps of all submitted comparable sales are highly recommended.
4. Submit any additional supporting documentation you feel is pertinent.
5. For MCRV plan increases only: you may submit to VA additional pending sales (3 or more), evidenced by predominantly **non-government** contracts, at least one of which is accompanied by a conventional appraisal report.
6. Value reconsiderations on LAPP cases must **first** be submitted to the VA fee appraiser **through the LAPP Staff Appraisal Reviewer (SAR)**. If a value increase is supported, the LAPP SARs are authorized to adjust value up to 2% without VA involvement. Refer to the Lender's Handbook for additional information.

[See Grid portion of form on next page.]

Reconsideration Grid Form - Part 2

LH, LAPP, or MCRV case # -
 Subject Property Address -
 Name of Veteran-Purchaser -
 Original Appraised Value -
 Value Requested-(specific amount) -
 % of Increase-over the Original Appraised Value -

<i>ITEM</i>	<i>SUBJECT</i>	<i>COMPARABLE #1</i>	<i>COMPARABLE #2</i>	<i>COMPARABLE #3</i>
Address				
Proximity to Subject				
Sales Price				
Price/Gross Liv. Area				
Data Source				
Sales or Financing Concessions				
Date of Sale/Time				
Location				
Site/View				
Design/Appeal				
Quality of Construction				
Age				
Condition				
Above Grade Room Count				
Gross Living Area				
Basement Rooms Below Grade				
Functional Utility				
Heating/Cooling				
Garage/Carport				
Pool, Porches, Patio				
Energy Efficient Items				
Fireplaces				
Other				
NET ADJUSTMENT				
Indicated Value of Subject				

Remarks _____

I have personally reviewed all of these comparable sales and certify that all information is true and correct.

SIGNATURE of REQUESTER or AGENT _____

Date: _____

Phone Number: _____

Revised July 2002



DEPARTMENT OF VETERANS AFFAIRS
Regional Loan Center
3225 North Central Avenue
Phoenix, AZ 85012-2489
Website: <http://www.vahomes.org/pn/>

Loan Guaranty Information Bulletin No. 26-02-09

SUBJ: LIQUIDATION APPRAISALS

The purpose of this bulletin is to inform Department of Veterans Affairs (VA) fee panel appraisers in Arizona, California and Nevada of changes to our liquidation appraisal policy.

What prompted these changes?

Recent meetings with mortgage loan servicing industry representatives have identified three areas that need improvement in order to decrease the number of foreclosure sales being postponed, and the resulting additional costs to VA. These three areas are: (1) access to secured vacant properties; (2) timely completion of the liquidation appraisal; and, (3) the need to provide a copy of the URAR to the holder/servicer by E-Commerce.

What has changed?

- On vacant properties secured by the holder/servicer, satisfactory arrangements for your access to the property must be provided. In the event you cannot gain access on vacant properties and you cannot resolve this in a satisfactory manner with the holder/servicer, you will need to e-mail us with the case number followed by the words "LIQ ACC". This message should be sent to our liquidation mail box (45/Liquidations@VBA.VA.GOV). We will ask our Loan Administration department to contact the holder/servicer to resolve any issues. Timeliness standards will be suspended for the time needed to gain access to the property.
- Fee Appraisers will now be allowed five-business days for completion of the Liquidation Appraisal Assignment. Interior access is critical in the appraisal process in ensuring that a proper appraisal has been performed considering all existing conditions of the subject property. You are required to do all you can to gain access. As a reminder, if you are denied access on occupied properties, an exterior appraisal can be made if you are permanently refused access, three appointments are broken; access is considered a hazard by the appraiser, or three or more attempts to call the number(s) provided with the report has resulted in no access. Obviously, you must continue to document the reason(s) for not gaining access.
- Appraisers will now provide a copy of their liquidation appraisal report directly to the appraisal requester in the same manner as in the Lender Appraisal Processing Program (LAPP). When the requester provides you an e-mail address in Block 5 of VAF 26-1805-1, forward a copy of the report to the requester at the same time that you are sending us our report.

What if there are questions?

Questions concerning VA's liquidation appraisal policy may be directed to the Construction and Valuation Section by e-mail at vavbapho/ro/cvgc@vba.va.gov or by telephone at 602-640-4749.

ROBERT JOHNSON
Loan Guaranty Officer

Distribution: All Lenders, holder/servicers, Fee Appraisers



DEPARTMENT OF VETERANS AFFAIRS
Regional Loan Center
3225 North Central Avenue
Phoenix, AZ 85012-2489
Website: <http://www.vahomes.org/pn/>

Loan Guaranty Information Bulletin No. 26-02-08

SUBJECT: Swimming Pool Policy

The purpose of this bulletin is to update the Department of Veterans Affairs (VA) procedures and restate policy relative to the valuation of swimming pools. This bulletin will also address appraisal requests regarding pools for proposed/under construction on both individual cases and master appraisals cases.

What information is required to be submitted for pools?

The following information is required to be submitted with the dwelling plans and specifications:

1. Location of pool on the plot plan.
2. Pool plan with pool dimensions, deck dimensions, and typical details.
3. Pool longitudinal cross section, showing depth and construction details.
4. Pool capacity in gallons.
5. Pool specifications required:
 - Pool materials.
 - Pumps and electrical systems.
 - Filter systems.
 - Cleaning system (if applicable).
 - Additional safety fencing (if applicable).
6. Pool and equipment warranties.
7. Copy of Pool construction contract.

What value does a pool contribute?

The value will be based on the swimming pools contribution (not the cost of the pool) to the overall value of the subject property as supported by current market data from the neighborhood. It is also based on the use of sound appraisal practices. Items such as diving boards, slides, water heaters, etc., will not be considered in the value.

Swimming Pool Policy Revised

What is the procedure for ordering the appraisal?

If the requested appraisal is ordered as new existing construction with the intention of installing a pool or perhaps the pool is currently under construction, we cannot accept these types of requests as existing construction cases. You will have to reorder your appraisal as under construction and provide the appraiser and compliance inspector a full set of plans and specifications on the dwelling and pool.

What is the procedure for completion of the pool?

Pools installed prior to loan closing should be completed in all respects. The pool construction inspections are to be completed by the local authority, as required. Copies of the approved local inspections must be provided to the VA Compliance Inspector at the time of the final VA compliance inspection. The VA Compliance Inspector must annotate on the Compliance Inspection Report, VA Form 26-1839, that the pool is complete and ready for use.

If the pool is to be completed after loan closing for valid reasons, a repair escrow must be established. The amount to be escrowed cannot be less than 1½ times the cost of the pool as evidenced by the pool construction contract. The VA Compliance Inspector must annotate in their report that a repair escrow will be used for the pool construction. All aspects of the new house construction must be completed with the exception of the swimming pool and equipment. The VA Compliance Inspector will complete a Compliance Inspection Report, VA Form 26-1839, in the following manner: Section 1 will be marked "Special - for completion of swimming pool, within 45 days." Also, the Condition of Construction at this Inspection, item "E" is to be checked, along with Inspections by VA Compliance Inspector Required. When the pool is complete in all respects, including the equipment called for in the contract, the VA Compliance Inspector will be contacted for a special inspection. At the time of this special inspection, the VA Compliance Inspector is to be furnished with copies of all the pool construction inspections that are required by the local authority. The VA Compliance Inspector will complete another Compliance Inspection Report, VA Form 26-1839, annotating that the pool is complete and ready for use. The standard VA compliance inspection fees will apply to this additional inspection.

What if there are questions?

Any questions concerning the VA's swimming pool policy may be directed to the Valuation Officer by e-mail at vavbapho/ro/cvgc@vba.va.gov or by telephone at 602-640-4749.

ROBERT JOHNSON
Loan Guaranty Officer

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This supersedes LGIB No. 26-90-21