



U. S. DEPARTMENT OF VETERANS AFFAIRS

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<http://www.vba.va.gov/ro/phoenixlgy/index.htm>

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Loan Guaranty Information Bulletin No. 26-03-05

SUBJECT: VALUATION POLICY AND PROCEDURES

1. This Information Bulletin is being issued to clarify the Department of Veteran Affairs (VA) policy on valuation and to establish procedures to request change in the appraised value during the Notice of Value (NOV) or Master Notice of Value (MNOV) validity period.

What is VA's Valuation Policy

2. VA policy requires that all Master NOV's or individual NOV's be issued in the amount determined by VA to be the reasonable value of the property, without regard to the relationship of such value to the known or proposed sales price. For example, if you requested a value of \$90,000 for Plan A, and we determine the market value to be \$95,000, the MNOV for Plan A will be issued at \$95,000. Conversely, if you request a value of \$90,000 for Plan A, and we determine the market value to be \$85,000, the MNOV will be issued at \$85,000.

What is VA's Procedure to Request a Valuation Change

3. Effective immediately, requests for change in the appraised value, during a NOV or MNOV validity period, must be submitted in writing by a party of interest (lender, builder, Realtor, veteran, etc.).
4. Any type of change in the appraised value during the NOV or MNOV validity period must be supported by the real estate market or other valid data which is considered to be adequate by professional appraisal standards. We will not require the requester to submit comparable sales, sales contracts, listings or other data in connection with the request for value change; however, supporting sales data or other bona fide market data will assist us in reviewing and reaching a sound decision consistent with VA rules and regulations, as well as the Uniform Standards of Professional Appraisal Practice (USPAP). Changes in the real estate market conditions and status of the property since the effective date of the appraisal must be fully supportable in order for VA to grant the change in value. A good practice would be to submit sufficient data to enable VA or an assigned Fee Appraiser to conclude that a value change is warranted.

5. There are two types of requests for change in the appraised value:

A. Appraisal Reconsideration: In this type of request, the Fee Appraiser is asked to reconsider the appraised value based upon data that was available to the appraiser on or before the date of the original appraisal. For example, the requester disagrees with the appraiser's value conclusion based upon the data that was available to the appraiser and not used in the analysis. The requester should provide information to support his/her request for value change. In these situations, we do not permit the appraiser to charge a fee.

B. Appraisal Update: When the appraiser is requested to update an appraisal (defined as an extension of the original complete appraisal); and the subject real estate has undergone no significant change since the original appraisal; and the fee appraiser will be analyzing data that was not available (i.e. sales that occurred after the date of his/her appraisal), the following will be observed:

(1) The appraiser is authorized up to a maximum fee of \$175.00 per plan type which is considered adequate in connection with an update to an MNOV. The appraiser will review closed sales data, other market data, and/or sales contracts for each plan type. This data may be provided by the requester. The appraiser will also address changes in market conditions that may have occurred since the original MNOV was completed.

(2) The appraiser is authorized up to a maximum fee of \$175.00 which is considered adequate in connection with updating existing/proposed single cases. The appraiser will review closed sales provided by the requester, other available market data, and will address changes in market conditions.

(3) The appraiser is authorized a fee of \$10.00 per lot which is considered adequate to review lot premiums. The appraiser will review closed sales, sales contracts, and other available data to support an increase. Note: Lot premiums should be requested at the time of an original MNOV request or when lots are added to a MNOV.

6. Customarily, a request for reconsideration or an update of the appraised value is submitted by the requester to VA for processing. As an optional procedure, to save valuable processing time, lenders and builders are authorized to send written requests for reconsideration or updates directly to the fee appraiser who completed the original appraisal report. The appraiser will review all the data and make a recommendation to VA whether to change the value or not change the value. Note: Fee appraisers are not authorized to discuss with the requester his/her recommendations.

VA will review the information submitted to support the request; review the recommendation of the Fee Appraiser; determine whether a VA Staff Appraiser field review is necessary; and advise the requester of action(s) taken.

7. A request for change in the appraised value where VA's original NOV value was based upon a Department of Housing and Urban Development (HUD) Conditional Comment that reflects the change, VA can consider converting the value change.
8. Nominal requests for change in value defined as less than \$500.00 may be submitted directly to VA for consideration; otherwise, the procedure identified above should be followed when a substantive change in value is requested.
9. Questions pertaining to this Loan Guaranty Information Bulletin or any other appraisal issues should be directed to the Construction and Valuation Section at 602-627-3050; Toll-free 1-888-869-0194, Extension 3050; or by e-mail to <mailto:VAVBAPHO/RO/CVGC@vba.va.gov> [[live link](#)].

/Signed/

Robert Johnson
Loan Guaranty Officer

Distribution: Lenders, Builders, Realtors and Appraisers

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