DEPARTMENT OF VETERANS AFFAIRS
Regional Office
210 Franklin Road S.W.
Roanoke, VA 24011

February 21, 2008

LOAN GUARANTY INFORMATION LETTER #26-08-01

TO: ALL LENDERS

SUBJ: Temporary Reduction in the Validity Period on Proposed Construction Cases

Purpose

The purpose of this letter is to announce a temporary reduction in the validity period for VA Notices of Value (NOV) and Master Certificates of Reasonable Value (MCRV) for proposed construction cases. VA will use a 6-month validity period for **all** proposed construction cases. This action will result in the same validity periods for both existing construction and proposed construction cases.

Background

The VA Lender's Handbook (ch. 13, sec. 13.08) has provisions for limiting validity periods for valuations of proposed or under construction properties. Historically, VA has established a validity period of 1 year from the date of issuance of the NOV or MCRV for all proposed construction cases. The 1-year validity period served all parties well during periods of stable markets. In light of the national economic climate, and in consultation with industry partners, VA has decided to shorten the validity periods for proposed construction.

Details

Temporarily, VA will utilize 6-month validity periods for **all** proposed construction cases, including individual NOVs and MCRVs. If a veteran signs a purchase agreement during a validity period, processing may continue until that transaction is either completed or terminated. NOVs and MCRVs with validity periods established prior to issuance of this circular will be honored as issued. On a case-by-case basis, VA may extend validity periods when requests for such actions are reviewed and found to be appropriate under prevailing conditions.

Actions

Effective immediately, personnel who are authorized to issue a VA NOV or MCRV will ensure that the validity period is for a period not to exceed 6 months. Currently, when issuing an NOV or MCRV, The Appraisal System (TAS) defaults to a 1- year validity period. VA plans to reset the default to 6 months. However, until such system enhancements are complete, personnel must manually override the 1-year system generated validity period in TAS by deleting the information in this field and inputting 6 months.

What if I have questions?

Questions about this change should be addressed to Greg Shelton or Sandra Goudie, Assistant Valuation Officers at the Roanoke RLC. Mr. Shelton and Ms. Goudie can be reached at 800-933-5499, ext. 3179 and 5063, respectively. They may also be contacted via e-mail at **GREG.SHELTON@VA.GOV** or **SANDRA.GOUDIE@VA.GOV**

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Loan Guaranty Officer