



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

May 18, 2004

LOAN GUARANTY INFORMATION LETTER #26-04-7

TO: ALL LENDERS and FEE APPRAISERS

SUBJ: THE DEPARTMENT OF VETERANS AFFAIRS AS THE CLIENT ON VA
APPRAISALS

Purpose:

The purpose of this letter is to advise program participants of a new VA policy as a result of a change in the Uniform Standards of Professional Appraisal Practice (USPAP) for 2004.

Background

To sell their loans on the secondary market, lenders have typically required an appraisal report that supported the value and contained the name of their institution as the lender/client. VA has conferred with the major purchasers of VA guaranteed loans on the secondary market and none have a requirement that the lender's name be on the appraisal for a VA guaranteed loan. USPAP Standards Rules 1-2(a) and 1-2(b); 7-2(a) and 7-2(b); and 9-2(a) require an appraiser to identify the client, intended users, and intended use. It has always been the position of VA that the client on VA appraisals is The Department of Veterans Affairs. This is supported by VA requirements that appraisal assignments be made by VA from VA fee appraiser panels and that appraisals must be conditioned with VA minimum property requirements. The intended use for VA appraisals has always been for residential loan purposes and the intended user has always been any approved VA lender. This has not changed. In the past appraisers simply changed the name of the lender on the URAR, however new Advisory Opinions from the ASB clarify that this is not permitted under USPAP.

What is the new policy?

VA will now be named as the client on the Uniform Residential Appraisal Report (URAR). The intended user of the appraisal will be shown by type on the URAR, not by name. This should eliminate most requests for lender/client name changes on the URAR when the case is reassigned between lenders. This will avoid any conflict with the prohibition on using "readdressed appraisals", as stated in USPAP and as communicated by the Appraisal Standards Board (ASB) in Advisory Opinion 26 (AO-26) - Readdressing (Transferring) a Report to Another Party.

What are VA fee appraisers required to do?

Fee appraisers will insert "Department of Veterans Affairs" after lender/client on the URAR on all VA case assignments. In addition, the fee appraisers will identify the type of intended user by inserting LOAN GUARANTY INFORMATION LETTER 26-04-7

“Intended User - Any VA approved lender” on the lender/client line following “Address”.

Are there any related policy issues?

There is no change in the procedures for ordering an appraisal/case number by requesters in TAS. Lenders that continue to require their name on the URAR must negotiate a new assignment and pay the appraiser directly and may not charge the veteran. VA will not object to the appraiser accepting this new assignment.

What if I have questions?

Questions about this change should be addressed to Greg Shelton or Monte Gustafson, Assistant Valuation Officers at the Roanoke RLC. Mr. Shelton and Mr. Gustafson can be reached at 800-933-5499, ext. 3179 and 5063, respectively. They may also be contacted via e-mail at

LGYGSHEL@VBA.VA.GOV and **LGYMGUST@VBA.VA.GOV**

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Loan Guaranty Officer