

Regional Office  
155 Van Gordon  
Box 25126  
Denver, CO 80225

Department of  
Veterans Affairs

# Information Bulletin

Loan Guaranty Letter 04-05  
262-3

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

## PURPOSE

The purpose of this circular 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.

- a. VA will now be named as the client on the Uniform Residential Appraisal Report (URAR).
- b. 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.

## 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.

- a. 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.
- b. 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.
- c. 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.
- d. 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.
- e. 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.

**NEW FEE APPRAISER REQUIREMENT**

- a. Fee appraisers will insert “Department of Veterans Affairs” after lender/client on the URAR on all VA case assignments.
- b. Fee appraisers will identify the type of intended user by inserting “Intended User - Any VA approved lender” on the lender/client line following “Address”.

**RELATED POLICY**

- a. There is no change in the procedures for ordering an appraisal/case number by requesters in TAS.
- b. 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.

GRACE COOPER  
Loan Guaranty Officer

Distribution:  
Program Participants

