

REQUEST FOR RECONSIDERATION OF VALUE ON VA APPRAISALS

1. Purpose. The purpose of this circular is to reaffirm VA policy for processing requests for Reconsideration of Value (ROV) and to confirm compliance with the Uniform Standards of Professional Appraisal Practice (USPAP). Expeditious processing of ROV's is essential to ensure timely closing of VA loans.

2. Background. In the past most responses to ROV requests were prepared on fee appraisers' company letterhead. This remains an option illustrated in USPAP Advisory Opinion 3 (AO-3), Update of a Prior Assignment, issued by the Appraisal Standards Board. Proper processing of a ROV requires consideration of all data available to the appraiser, whether submitted with the request or acquired by other means, to affirm an estimate of market value. As a ROV is an "analysis involving the same property" it must comply with USPAP standards as illustrated in AO-3 and is considered an update of a prior assignment. Instructions for requesting and processing a ROV are contained in VA Lender's Handbook, section 13.09.

3. Fee Appraiser Requirement

a. Prepare an updated report incorporating the original case number and using one of the three reporting options in AO-3.

b. The new report may generally be restricted to analysis of the new data submitted to or obtained by the appraiser. A new Uniform Residential Appraisal Report (URAR) is not necessarily required, as the original URAR may be included by reference as noted in AO-3, under "Reporting Requirements" paragraph 3.

c. As stated in Circular 26-03-11, if additional sales data is submitted by a lender directly to the fee appraiser in a format similar to the comparable sales grid on the URAR, the fee appraiser is required to provide a response (report) within 5 working days.

d. If analysis of additional data does not support an increase in value, an explanation on company letterhead supporting the decision must be included in the report.

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4. Related Policy

a. It is VA policy that fee appraisers process ROV requests on their prior assignments without additional compensation, unless the accompanying data was not available at the time of the original report.

b. As stated in Circular 26-03-11, a reasonable fee may be charged by the fee appraiser when the ROV request contains data to be reviewed that was not available at the time of the fee appraiser's report.

c. Any party of interest may request a ROV by written communication, through the lender, to the appraiser.

5. RESCISSION: This circular is rescinded January 1, 2007.

By Direction of the Under Secretary for Benefits

Keith Pedigo, Director
Loan Guaranty Service

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