

**Clarification of Locational Requirements of Comparable Sale Properties
for VA Appraisals**

1. Purpose. The purpose of this Circular is to provide clarification for distance or proximity requirements of comparable sale properties used in VA appraisals.

2. Background. In response to a recent inquiry, it was discovered that our position on the proximity of comparable sale properties to the subject property may not be clear. VA does not set minimum or maximum distance requirements between the subject and comparable sale properties. VA Lender's Handbook chapter 11, section 7, subsection e, states: "Comparable sales should be located as close to the subject as practical." This may have caused some confusion especially concerning suburban or rural properties where comparable sales may not be ideally located near the subject. This Circular is a clarification of current policy.

3. Action. In suburban or rural communities, the market areas may be greatly expanded and suitable comparable sales may be many miles away from the subject. In such cases, the appraiser should specify why those comparable sales were used and how they compare/compete with the subject. The appraiser should evaluate whether extended distances are normal for this market, submit a description of the market area, and determine whether the comparable sales are within the subject's market. The appraiser should also indicate whether or not any adjustments were made for locality or proximity. If there are any other recent comparable sales closer to the subject, include a discussion regarding why they were not used. Providing detailed commentary about the market and comparable selection may reduce the number of requests for revisions of appraisals.

4. Rescission: This Circular is rescinded July 1, 2019.

By Direction of the Under Secretary for Benefits

Jeffrey F. London
Director, Loan Guaranty Service

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