



# LENDERS HANDBOOK

[VA-Pamphlet 26-7]

## CHAPTER 11

# APPRAISAL REPORT



# Chapter 11 Appraisal Report

## Overview

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Chapter**

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## **1. Appraisal Reports**

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**a. USPAP and VA Requirements** The appraiser assigned by VA must prepare the appraisal report in accordance with Uniform Standards of Professional Appraisal Practice (USPAP), the specific VA requirements outlined in this handbook, and in circulars periodically issued when program changes arise.

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**b. Appraisers Trained by VA** Appraisers who have been appointed to VA’s fee appraiser panel have been trained on VA appraisal requirements. Lenders may rely on VA fee panel appraisers to have performed the appraisal in accordance with VA guidelines without the need for additional statements or certifications.

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**c. SAR Responsibilities** Lenders’ Staff Appraisal Reviewers (SARs) who are reviewing appraisal reports must be familiar with residential appraisal principles and VA’s specific requirements for appraisal reports.

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## 2. Market Value

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**a. Market Value Definition**

The appraiser must estimate the market value, as "the most probable price that a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus." VA considers reasonable value and market value to be synonymous. VA's definition of market value is consistent with that used by Fannie Mae, Freddie Mac, and major appraisal organizations.

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**b. Protecting the Interests of Veterans, Lenders, Servicers and VA**

The quality of the appraisal is critical in protecting the interests of Veterans, lenders, servicers, and VA. This fact requires VA to be integrally involved in its management and oversight of the appraisal process, from the initial assignment of the appraiser through the issuance of the Notice of Value (NOV), as well as oversight performed on closed loans.

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**c. Oversight**

Any appraisal report is unacceptable if the analysis is not based upon recognized appraisal practices and was intended to "accommodate" or "meet" the sales price.

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### 3. Appraisal Report Contents

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**c. Appraisal Report Contents**

1. Invoice	For consistency, the first page of PDF file uploaded into WebLGY
2. Appraisal Form	<ul style="list-style-type: none"> <li>• Lender’s name and “Department of Veterans Affairs” must be provided in the Lender/Client field on the appraisal report form</li> <li>• The VA assigned fee appraiser’s signature must be provided in the signature block with the fee appraiser’s VA ID in the “other” block, just below state certification and license information</li> </ul> <p><u>Appraisal forms accepted by VA</u></p> <ul style="list-style-type: none"> <li>• <a href="#">Fannie Mae Form 1004</a>, <i>Uniform Residential Appraisal Report</i></li> <li>• <a href="#">Fannie Mae Form 2055</a>, <i>Exterior-Only Inspection Residential Appraisal Report</i>, for liquidation appraisals only if interior access was not provided</li> <li>• <a href="#">Fannie Mae Form 1004C</a>, <i>Manufactured Home Appraisal Report</i>,</li> <li>• <a href="#">Fannie Mae Form 1073</a>, <i>Individual Condominium Unit Appraisal Report</i></li> <li>• <a href="#">Fannie Mae Form 1075</a>, <i>Exterior-Only Inspection Individual Condominium Unit Appraisal Report</i>, for liquidation appraisals only if interior access was not provided</li> <li>• <a href="#">Fannie Mae Form 1025</a>, <i>Small Residential Income Property Appraisal Report</i>,</li> <li>• Commercially available vacant land form, for liquidation appraisals if the improvements have no contributory value (see Topic 22 of this Chapter.)</li> </ul>
3. Street Map	<ul style="list-style-type: none"> <li>• Showing location of subject and each comparable sale</li> <li>• Additional maps if sales are a substantial distance away from the subject.</li> </ul>

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### 3. Appraisal Report Contents, continued

**c. Appraisal Report Contents, continued**

4. Building Sketch	<ul style="list-style-type: none"> <li>• Gross living area calculations</li> <li>• Exterior dimensions of dwelling, basement, and any other improvements contributing value</li> <li>• Basement may be shown in relation to the floor plan of the house instead of separately</li> <li>• Floor plan layout (interior room dimensions and partitioning are not required)</li> <li>• If interior access is not provided on a liquidation appraisal, a sketch is not required</li> </ul>
5. Photographs	<ul style="list-style-type: none"> <li>• Clear and labeled</li> <li>• Front and rear taken at opposite angles to show all sides of the dwelling if possible</li> <li>• Improvements with contributory value</li> <li>• Minimum Property Requirement (MPR) repair items</li> <li>• Street scene</li> <li>• Any views affecting value</li> <li>• Kitchen</li> <li>• Main living area</li> <li>• Bathrooms</li> <li>• Any recent updates, remodeling or renovation</li> <li>• Front view of each comparable sale (real estate marketing photographs are acceptable with an explanation, for example, to exhibit condition at the time of sale, or if a comparable sale is in a gated community that was not accessible to the appraiser)</li> <li>• For condominiums, if the subject and sales are in the same building or identical buildings, the appraiser may comment instead of providing photographs of the sales</li> <li>• Interior photographs are not required on liquidation appraisals when access to the interior of the property is not available</li> </ul>
6. Repair list	<ul style="list-style-type: none"> <li>• Itemized list of any observed MPR repairs (see Chapter 12 of this handbook) or customer preference items to be installed on new construction appraisals</li> <li>• May be included directly on the appraisal form</li> </ul>
7. Uniform Appraisal Dataset (UAD)	<ul style="list-style-type: none"> <li>• UAD Property Condition and Quality Rating Definitions</li> <li>• UAD Property Description Abbreviations (see Topic 13 of this chapter)</li> </ul>

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**3. Appraisal Report Contents**, continued

**c. Appraisal Report Contents**, continued

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8. Appraiser's certifications	<ul style="list-style-type: none"><li>• Required by state law</li><li>• Related to continuing education or membership in professional appraisal organizations</li><li>• Additional certifications may be made on a separate form or page, provided they do not conflict with the language on the Statement of Assumptions and Limiting Conditions, any preprinted language on the appraisal form, or VA appraisal requirements</li></ul>
9. Liquidation appraisal addendum	<ul style="list-style-type: none"><li>• Required on liquidation appraisals only (see Topic 20 of this chapter)</li></ul>

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## 4. Gross Living Area

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- Change Date** February 22, 2019
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**a. Definition** Gross living area (GLA) refers to the square footage of the area that is finished, habitable, contiguous, above-grade, residential space calculated by measuring the outside walls of the structure.

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**b. Non-Contiguous Areas** The functional utility and contributory value of any non-contiguous areas should be considered by the appraiser and listed separately from the GLA on the market data grid.

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**c. Basements** Basements, whether or not finished, must not be included in the GLA.

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**d. Attics** Finished attics may be included in the GLA.

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**e. Below-Grade Areas** If any part of a finished level is below grade, the appraiser must determine whether it should be considered GLA or valued separately.

If the appraiser determines that a partially below-grade habitable space is similar to the GLA in design, quality of construction, and appeal, has full utility and is accepted in the market, the appraiser may include the area in the GLA.

If the partially below-grade space is inferior to the rest of the property and not accepted in the market, the appraiser may determine that the area is not part of the GLA. In cases such as these, the contributory value of partially below-grade space should be considered separately on the market data grid.

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## 5. Room Additions and Car Storage Conversions

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**a. GLA Considerations** Room additions and enclosures of garages and carports into the living area should be included in the GLA if the added space is:

- accessible from the interior of the main dwelling in a functional manner,
  - has a permanent and sufficient heat source, and
  - is similar in design, quality of construction and appeal to the main dwelling.
- 

**b. Non-GLA Areas Valued Separately** Added space that does not meet the criteria listed above must be valued separately from the GLA on the market data grid. The appraiser must consider the effect on marketability of an inferior addition or conversion when arriving at the line item adjustment for the added space. When selecting and analyzing comparable sales, the appraiser should consider the differences in quality and utility of room additions and converted spaces when compared with originally constructed space.

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## 6. Accessory Dwelling Unit

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**a. Single Real Estate Entity** An Accessory Dwelling Unit (ADU) is a living unit including kitchen, sleeping, and bathroom facilities added to or created within a single-family dwelling, or detached on the same site. A manufactured home on the site could be an ADU. The dwelling and the ADU together constitute a single real estate entity.

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**b. Highest and Best Use** As part of the highest and best use analysis, the appraiser must determine if the property is a single-family dwelling with an ADU, or a two-family dwelling. The highest and best use must be a legal use (see Topic 10). A two-family dwelling must be appraised on the [Fannie Mae Form 1025, Small Residential Income Property Appraisal Report](#).

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**c. ADU Valued Separately** An ADU is usually subordinate in size, location, and appearance to the primary dwelling unit and may or may not have separately metered utilities and separate means of ingress and egress. The appraiser must not include the living area of the ADU in the calculation of the GLA of the primary dwelling. The ADU must be valued separately as a line item on the market data grid.

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**d. Notify the Lender if More than One Unit** The appraiser must notify the lender if a property has more than one ADU.

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**e. Detached Buildings** A manufactured home, shed, or other detached building on the property which does not have kitchen, sleeping, and bathroom facilities or cannot be legally used as a dwelling, may be valued as storage space if it does not present any health or safety issues.

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## **7. Nuisances**

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**a. Effect on Value** While nuisances do not make a property ineligible or require repair, the appraiser must describe any nuisances and consider any effect on value.

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**b. Sales with Same Influence** If available, comparable sales influenced by the same nuisance, should be used by the appraiser.

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**c. Examples** Examples of nuisances include heavy traffic, noise from a nearby highway, or odors from a factory in the vicinity.

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## 8. Remaining Economic Life

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- a. Factors in Estimating Remaining Economic Life**
- Remaining economic life is the estimated period of time until the improvements are expected to no longer serve their intended purpose as a home. In estimating the remaining economic life, the appraiser must consider:
- the relationship between the property and the economic stability of the block, neighborhood, and community,
  - comparisons with homes in the same or similar areas,
  - the need for a home of the particular type being appraised,
  - the architectural design, style and functional utility of the property,
  - the condition and durability of the property,
  - maintenance levels of other properties in the area, and
  - in areas where municipalities have established code enforcement areas, their expected results in improving the neighborhood for residential use.
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- b. Comment if Under 30 Years**
- The appraiser must estimate the remaining economic life as a single number and include specific comments if the estimated remaining economic life is less than 30 years.
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- c. Reporting**
- The estimated remaining economic life must be provided in the cost approach section of the appraisal report. For condominium units, the estimated remaining economic life must be provided in the “Reconciliation” section of the appraisal report.
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## 9. Effective Age

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**a. Estimating Effective Age**

While the actual age is the number of years since the home was constructed, the effective age reflects the condition and functional utility of the property. For example, remodeling will likely decrease the effective age of a home while a lack of maintenance can increase the effective age, possibly to a number greater than the actual age.

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**b. Comment if Significant Change From Actual Age**

The appraiser must state the effective age as a single number and include comments if the effective age differs significantly from the actual age.

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**c. Completed Repairs Considered**

Since recommended repairs are included in value on origination appraisals, the effective age should reflect the condition of the property as repaired.

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## **10. Highest and Best Use**

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**a. Definition** The highest and best use of a property is the most probable use which is physically possible, appropriately supported, legally permissible, financially feasible, and results in the highest value.

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**b. Appraisal to Meet VA Guidelines** While the appraiser must determine the highest and best use, the appraiser must also complete the appraisal in accordance with VA guidelines. For example, since VA-guaranteed loans are made for residential purposes, no value may be given to commercial uses, crops, livestock, land for future development, or any other non-residential use.

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## **11. Farm Residences**

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**a. Farm Residence is an Eligible Property** Although VA does not make farm or other business loans, Veterans may use their VA home loan benefit to purchase a property on which there is a farm residence.

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**b. No Limit on Number of Acres** VA does not set a limit on the number of acres which the property may have. The appraisal of properties with acreage should not present difficulties if similar properties in the area were recently sold primarily for residential use.

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**c. Residential Purposes Considered in Valuation** Improvements not typically considered residential, for example, barns, corrals, or stables, must be valued by the appraiser as they contribute to the market value of the property for residential purposes only. The appraiser must not include in value any livestock, crops, or farm equipment.

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## 12. Condominiums

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**Change Date**

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**a. Condominium Development Accepted by VA**

All condominium units, including site condominiums and manufactured home condominiums, must be located in a condominium development that has been accepted by VA prior to loan guaranty. SARs receiving an appraisal for a condominium unit in a development that has not been at least conditionally accepted by VA may not issue the NOV.

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**b. Avoid Unnecessary Appraisal Fee**

Ensuring that the condominium is accepted by VA before ordering the appraisal is recommended to avoid an unnecessary appraisal fee in the event that the condominium is not accepted by VA.

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**c. Ineligible Property Types**

Condo-hotel properties where units are placed in a rental pool and “air” condominiums that do not have a homeowners association are not eligible for appraisal as these condominiums do not meet VA guidelines. If a question arises as to whether or not a condominium would be accepted by VA, VA acceptance should be requested (see subsection g of this Topic).

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**d. HUD/FHA Review Process**

VA no longer accepts HUD/FHA condominium approvals as the condominium approval requirements differ from VA’s requirements.

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**e. Spot Approvals**

VA does not perform “spot” approvals of individual condominium units within a condominium development.

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**f. Condominium List Available Online**

A list of VA-accepted condominium developments, with any conditions needed for approval, and condominium ID numbers, may be found at <https://vip.vba.va.gov/portal/VBAH/Home> under “Featured Items” in “Condo Reports”.

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## **12. Condominiums**, continued

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**g. Documents  
Needed for  
Review**

Lenders seeking VA acceptance of a condominium which has not already been reviewed by VA must establish a record for the condominium in WebLGY and upload the following documents in PDF format in this stacking order:

- Declaration
- Bylaws
- Amendments
- Plat Map
- Rules and Regulations
- Meeting Minutes
- Budget
- Special Assessment Letter
- Litigation Letter
- Presale Letter
- Any additional documents

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**h. Legal Review  
Results**

When the required documents are uploaded, the RLC will request a review by VA's legal counsel. The RLC will notify the requester of the results of the review and update the status of the condominium in WebLGY.

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## 12. Condominiums, continued

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### **i. Appraisal Requirements**

In most cases, the appraiser will prepare the appraisal on [Fannie Mae Form 1073](#), *Individual Condominium Unit Appraisal Report*. Appraisals of manufactured home condominium units must be prepared on [Fannie Mae Form 1004C](#), *Manufactured Home Appraisal Report*, with the details about the condominium development usually provided in the Project Information Section of the condominium appraisal form included within the appraisal report. Liquidation appraisals of condominium units must be prepared on [Fannie Mae Form 1075](#), *Exterior-Only Inspection Individual Condominium Unit Appraisal Report*, if interior access was not provided. In the Condominium Appraisal Report, the appraiser will:

- indicate which utilities are included in the monthly homeowners association fee,
- comment on the adequacy of the monthly assessment, based upon the appraiser’s opinion of the adequacy of the project’s budget and a comparison to similar condominium developments,
- recommend a fair assessment if the current assessment is considered inadequate, and
- report any known pending litigation involving the subject condominium development or its homeowners association.

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### **j. Pre-sale Requirement**

For new condominium developments, a pre-sale requirement of 70 percent must be included on the NOV and satisfied prior to VA loan guaranty.

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### **k. Wood-destroying Insect Reports**

A wood-destroying insect inspection is not required on units in low-rise or high-rise condominiums (units are stacked vertically), unless the appraiser notes a potential infestation problem. For site condominiums and villa/townhome style condominiums where units are side by side, located in a “very heavy” or “moderate to heavy” zone, a wood-destroying insect inspection must be required on the NOV unless evidence of a treatment guarantee has been provided by the homeowners association.

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## 13. Uniform Appraisal Dataset (UAD)

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**a. Definition** The UAD improves the quality and consistency of appraisal data by defining all fields required on specific appraisal forms and standardizes definitions and responses for a key subset of fields. Regardless of the geographic location of the property or any localized reporting conventions, the UAD standardization includes:

- Formats for fields that include dates, values, and other data,
- Allowable values from a list of choices provided for certain fields,
- Abbreviations to allow more information to fit on printed appraisal forms, and
- Ratings and definitions for the “Condition” and “Quality” of the property and “Updated/Remodeled” status.

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**b. UAD-Compliant Forms** Appraisals prepared on Fannie Mae Forms [1004](#), [1073](#), [1075](#) or [2055](#) must be UAD-compliant and must include the definitions for the property condition and quality ratings and the property description abbreviations used.

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**c. VA Requires Closed Sales** While the UAD may allow for the use of pending sales in the sales comparison grid, VA requires that only closed sales be used.

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**d. Remodeling Information** UAD requires appraisers to provide specific information regarding remodeling in the past 15 years. VA expects fee appraisers to recognize and describe remodeling or updating and to make appropriate adjustments. Fee appraisers should also report UAD information concerning the remodeling if it is available in the “normal course of business” within VA timeliness requirements for completion of the appraisal.

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**e. UAD Condition Ratings** Since origination appraisals are prepared “subject to” any repairs needed for the property to meet MPRs, UAD condition ratings of C5 and C6 are not appropriate.

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## 14. Sales Comparison Approach

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- Change Date** February 22, 2019
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**a. Comparable Sale Selection** The appraiser must include, at a minimum, three closed sales which the appraiser believes are the best available sales and provide comments to support the selection, when appropriate. Comparable sales should be selected based on similar locational and physical characteristics, not sales price. Recent sales in the same established subdivision, condominium or PUD are typically the best indicators of value. The sales should be similar to the subject property to the extent that the sales would be competing properties if they were on the market at the same time as the subject property.

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**b. Comments Explaining Adjustments** The appraiser should provide comments when adjustments are made for points of comparison that are not self-explanatory or when large adjustments are made. Providing detailed commentary about the market and comparable selection may reduce the number of requests for revisions of appraisals.

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**c. Limited Sales Data** If the sales data from the market area is limited, the appraiser must provide the best information available and comments with the appraiser's professional opinion about the market, any reasons for the lack of sales data, and the various differences between the subject and the comparable sales.

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**d. Distance of Comparable Sales** VA does not set minimum or maximum distance requirements between the subject and comparable sale properties. 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 with the subject.

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**e. Sales of REO Properties** The appraiser may use sales of Real Estate Owned (REO) properties or short sales if transactions of this nature are prevalent in the market. A transaction involving a foreclosure transfer to a mortgage servicer is not evidence of market value and must not be considered as a comparable sale.

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## 14. Sales Comparison Approach, continued

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**f. Sales From  
Competing  
Developments**

If the property is in a new subdivision or condominium, the appraiser should include, if available for comparison, properties constructed by a competing builder in the subject market area as well as properties within the subject subdivision or condominium.

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**g. Market-  
derived  
Adjustments**

All adjustments on the market data grid should be market-derived, based on the amount the appraiser estimates a typical buyer would pay for the item in the market. Adjustments reflect contributory value in the market, which does not necessarily equal the cost of an item.

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**h. Sales  
Concessions**

Sales concessions typically include financing incentives or non-realty items. As all adjustments must be market-derived, the adjustment should reflect the difference between the sales price with the sales concessions, and what the property would have sold for without the concessions under typical market conditions. The sales concessions on the comparable properties are adjusted to typical market expectations, not to the specific terms or conditions of the sale of the subject. Any concession adjustments must be downward adjustments as positive adjustments for sales concessions are not acceptable.

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**i. Recent Sales**

Comparable sales should reflect the most recent activity in the market. Comparable sales are preferably sales that have taken place within the last 6 months, and generally sales that are not more than 12-months old, unless explained by the appraiser.

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## **14. Sales Comparison Approach, continued**

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**j. Time Adjustments**

Market condition (time) adjustments are made to reflect value changes in the market between the date of the contract for the comparable sale and the effective date of the appraisal. The appraiser must provide comments about current market trends to support any time adjustments.

In an increasing market, positive market condition adjustments should be made if there is evidence, based on a thorough analysis of specific market trends, of increasing prices, a shortage of homes for sale, or decreasing marketing times.

In a declining market, negative market condition adjustments should be made if there is evidence of a decline in prices, an oversupply, or extended marketing times.

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**k. Condition Adjustments**

Since VA appraisals must be prepared “subject to” the completion of any repairs needed in order for the property to meet VA’s MPRs (see Chapter 12 of this handbook), the condition for the subject property compared with the comparable sales on the market data grid should reflect the condition with the repair items completed.

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## **15. Cost Approach**

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**a. Not Required by VA** The cost approach is not required for VA purposes, but may be completed to supplement the indicated value in the sales comparison approach.

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**b. Site Value** If the cost approach is provided, the appraiser must estimate the site value through sales comparison, allocation, or extraction. If the cost approach is not completed, a site value must not be provided.

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## **16. Income Approach**

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**a. Residential Income Properties** If appraising a residential income property with two to four units, the appraiser must prepare the appraisal on the [Freddie Mac Form 72/ Fannie Mae Form 1025](#), Small Residential Income Property Appraisal Report, which includes an income approach

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**b. Other Property Types** VA does not require an income approach on any other property types.

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## **17. Final Reconciliation**

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**a. Approaches to Value Considered** In the final reconciliation on the appraisal report the appraiser will evaluate and summarize the approaches to value which were included in the appraisal report.

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**b. Market Approach** On appraisals prepared for VA, the market approach will likely reflect the appraiser's final estimate of value since VA does not require a cost approach and an income approach is only required on two to four unit properties.

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## 18. Appraisal Conditions

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- a. As-is** The appraisal will be prepared “as-is” if:
- the appraiser finds that the property meets MPRs on origination appraisals, or
  - the assignment is a liquidation appraisal (see Topic 20 of this Chapter).
- 

- b. Subject to Repairs** The appraisal will be prepared “subject to the following repairs or alterations on the basis of a hypothetical condition that the repairs or alterations have been completed” if:
- on an origination appraisal, the appraiser recommends that repairs be completed for the property to meet MPRs,
  - customer preference items must be completed on a new construction property, or
  - alterations are being made to the property.
- 

- c. Subject to Completion** Proposed construction properties will be appraised “subject to completion per plans and specifications.”
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- d. Recommend Repairs, Not Inspections** When an appraiser observes an item that does not meet VA MPRs, the appraiser must recommend a repair, not an inspection.
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## 19. Appraiser Training a New Appraiser

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**Change Date**

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**a. Training for  
New Appraisers**

VA understands the importance of appraisers providing training to new appraisers and is supportive of appraisers who are dedicating their time to training others who are pursuing a career as an appraiser.

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**b. Visiting  
Properties**

Trainees may accompany the VA-assigned appraiser when visiting the property.

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**c. Assistance  
From Trainee**

A trainee or another appraiser may assist in any part of the appraisal yet the analysis establishing value must be performed by the VA-assigned fee appraiser. The appraiser must select the comparable sales, perform all critical analyses contained in the appraisal report, and prepare the Market Conditions Addendum.

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**d. Reporting  
Trainee's Name  
and Work  
Performed**

If a trainee or another appraiser provided assistance or participated in the preparation of the appraisal, the appraiser must provide the name of the trainee or appraiser in the report and describe their role in developing the appraisal. Only the VA-assigned fee appraiser may sign the appraisal report.

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## 20. Liquidation Appraisals

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- a. Requested by the Servicer** When a VA-guaranteed loan is in default, a liquidation appraisal should be requested by the servicer no later than 30 days prior to the estimated or scheduled sale date.
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- b. Timeliness Standard** The timeliness requirement for liquidation appraisals is 5 business days (see Chapter 10, Section 7 of this handbook).
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- c. Servicer to Assist Appraiser in Obtaining Access to the Property** Servicers are required to assist the appraiser in obtaining access to the interior of the property and should provide:
- for occupied properties, the name and telephone number of the current or last known occupant, or
  - for vacant properties, the location of the keys to the property or contact information for a person who can promptly provide the appraiser with access to the interior of the property.
- 

- d. Occupied Property Access Attempts** If the property is occupied, the appraiser must gain access to the interior, unless:
- the owner or occupant has permanently refused the appraiser's request for access,
  - the appraiser considers access to present a legitimate hazard,
  - at least one attempt to visit the property and two or more calls, on different days and times to increase the likelihood of reaching the occupant, have not resulted in access, or
  - the appraiser has made three appointments, all of which have been broken.
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## **20. Liquidation Appraisals, continued**

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**e. Vacant  
Property  
Access  
Attempts**

If the property is vacant, the appraiser must gain access to the interior, unless:

- jurisdictional law prohibits the lender from gaining or assisting in gaining access to the property, and the RLC has waived such access,
  - on a case-by-case basis, the RLC has waived access after considering other valid extenuating circumstances (such as, the owner's personal effects remain in a vacant property causing legitimate concern about exposure to litigation), or
  - the RLC has approved a request to waive the servicer's responsibility to assist the appraiser in obtaining access.
- 

**f. Requirements  
if No Access  
Gained**

If interior access is not gained, the appraiser must:

- make reasonable efforts to verify the interior condition by the best available means, for example, information from listings of the property on the market, or property assessment records, and
  - make reasonable assumptions about the interior condition as well as any potential MPR and cosmetic repairs.
- 

**g. No Borrower  
to be Named on  
the Appraisal**

Since there is no borrower on a liquidation appraisal, the appraiser must insert "n/a" in the "Borrower" field.

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## 20. Liquidation Appraisals, continued

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**h. As-is value** The fee appraiser's value estimate for all liquidation appraisals will be for the subject property in its "as is" condition. VA liquidation appraisals are prepared under the same definition of market value as origination appraisals, not a discounted or forced sale value. Consequently, a property which needs no repairs should appraise for the same value on a liquidation appraisal and an origination appraisal.

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**i. Liquidation Addendum** An addendum to the liquidation appraisal must be provided with the following information:

- whether the property is occupied or vacant,
  - whether or not access to the interior was gained,
  - if access was not gained, details of attempts to gain access must be provided in accordance with item d or e above,
  - if the property is vacant, whether or not the property was secure,
  - any repairs urgently needed, such as securing the dwelling or securing a swimming pool,
  - information about three current listings or pending sales, including the length of time on the market, the current listing price, any known price changes, and a short statement describing how each property compares to the subject property, and
  - an itemized list of any MPR repair items and any cosmetic items that affect the marketability of the property, with the estimated cost and the estimated contributory value of each item. The total contributory value of all repairs listed should be considered by the appraiser when making condition adjustments on the market data grid since liquidation appraisals are completed "as is".
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## 21. Partial Release Appraisals

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**Change Date**

February 22, 2019

- This Chapter has been revised in its entirety.
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**a. Partial  
Release  
Appraisal  
Request**

When an appraisal is needed in order to review a request for a partial release of security, VA will assign the appraiser. The servicer of the VA loan must e-mail a request for an appraisal for a partial release of security to the RLC of jurisdiction. Neither VA [Form 26-1805, Request for Determination of Reasonable Value](#), nor WebLGY will be used to request a partial release appraisal. The request must include the following information:

- Name and address of the servicer,
  - E-mail address of the servicer,
  - VA case number (remains the same from origination of loan),
  - Property address,
  - Name of the property owner and contact number for property access,
  - Plot plan or survey of the property showing the proposed partition,
  - Identification of the parcel to remain after partial release is completed,
  - Legal description for each parcel,
  - Reason for the release of the property (for example, sale, public taking, designation as conservation site), and
  - Confirmation that the appraisal fee will be paid to the VA-assigned appraiser upon completion of the appraisal report and submission of an invoice.
- 

**b. Appraisal  
Fee**

The fee for an appraisal for partial release of security purposes is not fixed and could vary from the typical origination appraisal fee. The appraisal fee will be established by VA, on a case-by-case basis, after consulting with the appraiser.

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## 21. Partial Release Appraisals, continued

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**c. Assignment of Appraiser**

The RLC of jurisdiction will assign a VA fee panel appraiser (outside of WebLGY) to complete the appraisal and will provide instructions for completion and a copy of the information listed above.

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**d. Values to be Provided**

The following market value estimates will be provided in the appraisal report:

- the entire property prior to the release, and
  - the property which will remain as security of the loan after the release.
- 

**e. Submitting Appraisal and Invoice**

The appraiser will e-mail the appraisal invoice and the completed appraisal report to the RLC. The appraisal report will be reviewed by VA staff. The invoice, a copy of the appraisal, and a memorandum containing estimates of the value of the property prior to the partial release of the security and the value of the property on which the lien will remain will be emailed to the servicer and a copy provided to the Loan Administration Officer (LAO) at the RLC.

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## 22. Vacant Land Appraisals

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**Change Date**

February 22, 2019

- This Chapter has been revised in its entirety.
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**a. Liquidation Appraisals**

A vacant land appraisal may be needed for a liquidation appraisal if there are no improvements on the land or if the improvements have no contributory value.

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**b. Appraisal Requirements**

The appraiser must provide a written narrative format or a commercially available vacant land appraisal form. Like all VA appraisals, the appraisal must meet USPAP. The appraisal report must include:

- property address
  - legal description
  - owner of record
  - assessment and property tax information
  - property rights appraised
  - site size
  - zoning
  - highest and best use
  - shape
  - topography
  - drainage
  - availability of utilities
  - flood zone information
  - estimated cost of razing any existing improvements which must be considered in market approach
  - comparable sales grid with three comparable sales, adjusted to indicate the estimated market value of the subject property
  - Assumptions and Limiting Conditions, and Appraiser Certifications
-