

ACCESS TO VACANT PROPERTIES FOR LIQUIDATION APPRAISALS

1. Purpose. This circular describes the policies and procedures for VA fee appraisers to obtain access to vacant properties to perform VA liquidation appraisals.

2. Background. VA requires fee appraisers to gain access to vacant properties when performing VA liquidation appraisals in order to determine accurate values. Therefore, when requesting a liquidation appraisal, a servicer or its designee is required to provide information on the location of the keys to a vacant property in item 24 of VA Form 26-1805, Request for Determination of Reasonable Value, as well as the telephone number of the party requesting the liquidation appraisal in item 40. Servicers' provision of accurate information and timely responses to any telephone inquiries help to limit delays in the completion of appraisals for those cases where an appraiser encounters problems accessing the vacant property.

3. Impact of Property Access Delays. Time delays caused by an appraiser's inability to access a property can result in postponed liquidation sales. Because such delays are beyond the control of the appraiser, C&V (Construction and Valuation) at the Regional Loan Center (RLC) "stops the clock" on the appraiser's timeliness requirements until access is obtained. However, in most cases, VA does not view delays as beyond the control of the servicer, and therefore the servicer may suffer curtailment of interest on the loan if a sale cannot be completed timely due to delays in the appraiser obtaining access to a property.

4. Procedures for Resolving Property Access Problems. The VA fee appraiser must document the actions taken to obtain access to the subject vacant property in an e-mail to the C&V section of jurisdiction. C&V will then forward the appraiser's e-mail to the RLC's Loan Administration Officer, who will forward it to the appropriate servicer personnel. If the property had not previously been noted as vacant, the e-mail received from VA will serve as notice that the servicer needs to take prompt action to inspect the property to determine whether it has been abandoned, and if so, to protect it from vandalism and the elements. Upon receipt of this e-mail, the servicer must promptly arrange for and provide the necessary contact information directly to the VA fee appraiser to gain access and complete the assignment.

5. Avoiding Delays. Potential delays may be alleviated if servicers ensure that the parties ordering the appraisal provide appropriate points of contact in all relevant items on VA Form 26-1805. This may require additional instructions from servicers when referring cases to foreclosing attorneys, if the attorneys are the parties ordering the liquidation appraisals. Servicers are encouraged to review all of their communication processes related to loan terminations to be sure that issues regarding access will be promptly addressed.

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6. VA Documentation. When C&V receives notice of an appraisal access issue, C&V staff will document the situation in TAS (The Appraisal System) and the appraiser's timeliness will be adjusted. Similarly, LA will document the appropriate servicing system with a record of the access issue and any subsequent information obtained about reasons for the lack of access. This information may be helpful in reviewing any appeal.

7. Additional Information. Further information on liquidation appraisals may be found in the Lender's Handbook, chapter 11, available on our website at www.homeloans.va.gov/ls.htm. Other inquiries may be directed to Gerry Kifer at gerald.kifer@va.gov.

8. Rescission: This circular is rescinded January 1, 2012.

By Direction of the Under Secretary for Benefits

Judith Caden, Director
Loan Guaranty Service

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