VA Lenders Handbook (VA Pamphlet 26-7), Chapter 11, Topic 20 — Liquidation Appraisals

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20. Liquidation Appraisals Change Date February 22, 2019 • This Chapter has been revised in its entirety. 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. b. Timeliness Standard The timeliness requirement for liquidation appraisals is 5 business days (see Chapter 10, Section 7 of this handbook). 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. Continued on next page VA Pamphlet 26-7, Revised Chapter 11: Appraisal Report 11-29 20. Liquidation Appraisals, continued 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. Continued on next page VA Pamphlet 26-7, Revised Chapter 11: Appraisal Report 11-30 20. Liquidation Appraisals, continued 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. 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”. VA Pamphlet 26-7, Revised Chapter 11: Appraisal Report 11-31

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