VA Lenders Handbook (VA Pamphlet 26-7), Chapter 13, Topic 4 — Appraisal Management System

Register va-m26-7-ch13-t04

VA Lenders Handbook (VA Pamphlet 26-7), Chapter 13, Topic 4 — Appraisal Management System.

1 verbatim provision(s). Each quote is a verified substring of the regulator-published source snapshot, not retyped.

VA Lenders Handbook (VA Pamphlet 26-7), Chapter 13, Topic 4 — Appraisal Management System

4. Appraisal Management System Change Date July 22, 2019 • This chapter has been revised in its entirety. a. Electronic Scoring of the Appraisal When the appraiser uploads the completed appraisal report into WebLGY, VA's Appraisal Management System (AMS) will electronically read and score the appraisal, assisting SARs in quickly assessing appraisal risk, determining property eligibility, ensuring VA policy compliance and identifying over/under-valuations, and appraisal quality issues. SARs must use AMS as a tool to help ensure appraisals are accurate, complete, and that the property is properly valued according to VA-accepted appraisal principles and practices. b. Business Rules in AMS As a rules-based system, AMS will assist SARs in finding inconsistencies by flagging items as potentially problematic, and determining whether the appraisal is in compliance with VA appraisal requirements, industry-accepted appraisal principles, and Uniform Standards of Professional Appraisal Practice (USPAP). c. Alerts Provided by AMS Alerts will be noted by the AMS based on VA's business rules. All high alerts must be addressed in WebLGY notes. Medium and low alerts do not require a comment, but should be carefully reviewed by the SAR. Often the alerts will reflect an NOV condition that must be required, with no clarification needed from the appraiser. d. VA Guidance on Specific AMS Scores VA will issue a circular periodically describing the AMS scores that will be considered low-risk and high-risk appraisals. SARs may perform a cursory review on low-risk appraisals. High-risk appraisals require a comprehensive review. Sometimes a score of “N/A” will be reported for complex, rural, or new/proposed construction properties due to a lack of market data. While this is not an indication of a high-risk appraisal, a comprehensive review must be performed since the AMS did not return a score within the acceptable range for a cursory review. SARs must indicate whether or not a cursory review was performed in WebLGY with the indicator on the screen where the NOV is issued. Continued on next page VA Pamphlet 26-7, Revised Chapter 13: Notices of Value 13-7 4. Appraisal Management System, continued e. Cursory Review of an Appraisal Cursory review requirements include: • reviewing the sales comparison grid, • confirming that the report contains the required photographs (see Chapter 11, Topic 3 of this Handbook) which accurately reflect the appraiser's description of the subject and comparable properties, • identifying all VA MPRs that must be addressed before the property can become the security for a VA-guaranteed loan, • reviewing any alerts identified by the AMS, documenting any high alerts in WebLGY notes, and • identifying any additional conditions that must be included on the NOV. f. Findings upon Cursory Review Findings in a cursory review may cause the review process to be elevated to a comprehensive review. g. Additional Requirements for a Comprehensive Review Comprehensive review requirements include the requirements specified above for a cursory review and: • verifying that the appraisal report is fully completed, • verifying that the appraisal meets USPAP requirements, • verifying that the appraisal complies with the Uniform Appraisal Dataset (UAD) requirements, • determining that the appraiser's methodology is appropriate and that the appraiser's conclusions are consistent, sound, supportable, logical and based upon data in the

appraisal report, and • ensuring that the appraiser's market value estimate and other conclusions are consistent with those in similar cases recently processed. h. Systems Not in Operation If system issues arise and AMS results are not available, the SAR may perform a comprehensive review, noting in WebLGY that AMS results were not available. If WebLGY is not available, the SAR may issue the NOV outside of WebLGY, entering the NOV in WebLGY when the system is back online. A note should be entered documenting that this procedure was followed. VA Pamphlet 26-7, Revised Chapter 13: Notices of Value 13-8

Source: VA Lenders Handbook (VA Pamphlet 26-7), Chapter 13, Topic 4 — Appraisal Management System · snapshot 7bf94e7ed62e01fb