

VA Lenders Handbook M26-7, Chapter 18, Topic 6 — Servicer Quality Control System Requirements

Register va-m26-7-ch18-t06

VA Lenders Handbook M26-7 Chapter 18 Topic 6 (Servicer Quality Control System Requirements). Gap-fill (verbatim).

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6. Servicer Quality Control System Requirements a. Introduction To qualify for Servicer Appraisal Processing Program (SAPP) authority, the servicer must have an effective quality control (QC) system that ensures the adequacy and quality of its staff appraisal reviews. This QC system must be independent of the servicer's loan servicing operation. Upon request, the servicer must agree to furnish Department of Veterans Affairs (VA) with findings and information about the system. The senior officer must certify on each Staff Appraisal Reviewer (SAR) application that the QC system meets the requirements detailed in this section. b. QC Reviewers Reviews of the SAR's work may be performed by an independent party or independent internal audit division that reports directly to the servicer's chief executive officer. QC personnel should possess: • a basic familiarity with appraisal theory and techniques, and • the ability to prescribe appropriate corrective actions when problems in the appraisal review process are identified. c. Frequency and Scope of Reviews Perform desk reviews of each SAR's appraisal reviews on a monthly basis. The sample size should be no less than: • five percent of the SAR's SAPP cases processed monthly, or • a minimum number of cases per month (for example, five cases). There must be a procedure for expanding the scope of the reviews if a pattern of deficiencies is identified. d. QC Review Criteria QC reviews should consider: • the overall quality of the SAR's appraisal review, and • the appropriateness of the reasonable value determination. e. Maintenance of VA Publications The QC system must provide assurance that all current VA regulations, directives, and other releases are maintained and immediately available to the QC personnel and SARs. Continued on next page VA Pamphlet 26-7, Revised

Source: VA Lenders Handbook M26-7, Chapter 18, Topic 6 — Servicer Quality Control System Requirements · snapshot 34112e99016b0680