

CHAPTER 1: FEE APPRAISER PANEL

Overview

This chapter contains instructions for Loan Guaranty staff for administration of the Department of Veterans Affairs' (VA's) fee appraiser panel which performs appraisal assignments on a rotational basis. .

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Topic 1.01: Fee Appraiser Panel

Change Date: May 28, 2024

- Subsection a has been updated to reflect that the Appraisal Subcommittee's list of appraisers and state licensing board rosters may be used to recruit appraisers.
- Subsection a has been updated to specify that a list of counties where appraisers are needed will be posted online.
- Subsection b has been updated to specify that VA will assist appraisers in collecting appraisal fees that are over 60 days past due.
- Topic 1.05 in the previous version of this chapter, Exemption to E-Appraisal, was deleted since all VA appraisal reports are now transmitted electronically.
- Topic 1.07 in the previous version of this chapter, VA Use of Other Technical Fee Personnel, was deleted since VA no longer uses contract personnel to review appraisal reports.
- References to compliance inspectors have been removed throughout this chapter as compliance inspections are no longer required when processing VA-guaranteed loans.

a. Fee Appraiser Panel

VA will appoint and maintain a panel of fee appraisers to conduct appraisals for VA Loan Guaranty program purposes.

Since VA requires the Veteran to use the services of the assigned appraiser, VA has an obligation to ensure that all fee panel appraisers are

- preparing appraisal reports at the highest level of quality, in concert with local/state policies and in compliance with USPAP (The Uniformed Standards of Professional Appraisal Practices)
- providing an expeditious customer experience, responding promptly to communications from VA staff, lenders, servicers, real estate professionals and other stakeholders, and
- completing assignments as fast or faster than the average timeliness of appraisals for other loan types in the same market area.

LGY staff will ensure the fee appraiser panel contains enough appraisers to accommodate all appraisal requests expeditiously. A qualified list of appraisers must be maintained through such recruitment sources as the registry of appraisers maintained by the Appraisal Subcommittee of the Federal Financial Institutions Examination Council which is published online at www.asc.gov, state licensing board rosters, and appraisal organizations.

- Qualified VA staff may perform appraisals for VA loan guaranty purposes, if necessary, in the absence of qualified fee personnel. (Please see Topic 1.03 for adding

appraisers to the panel.)

- A list of areas (county and state) where fee appraisers are needed will be posted on VA's website. This will include areas where:
 - timeliness expectations are not being met,
 - appraisal requests were unassigned due to not having an appraiser available,
 - VA staff had to perform appraisal reports, or
 - coverage issues were identified due to an insufficient number of appraisers on the panel for the workload in the area.

b. Fee Appraisers are not VA Employees

LGY staff will hold fee appraisers responsible for the quality and timeliness of their work.

Fee appraisers are primarily responsible for the billing and collecting of appraisal fees. VA staff will provide assistance with the collection of fees that are over 60 days past due when requested by an appraiser who provides documentation of past collection attempts.

Although fee appraisers are not VA employees, LGY staff must give them due process prior to any VA administrative action being taken against them unless they are still within the 2-year probationary period after their appointment to the panel, during which they can be removed at the discretion of the Valuation Officer. The Valuation Officer (or staff designated by the Valuation Officer) will document the satisfactory completion of the 2-year probationary period.

Reference: See M26-1, Chapter 5, Sanctions Against Program Participants.

c. Information Sharing

VA will provide a list of fee panel appraisers to the Department of Housing and Urban Development or Rural Housing Service upon request.

Topic 2: Fee Appraiser Panel Qualification Requirements

Change Date: May 28, 2024

- Subsection a provides a consolidated list of requirements for appointment to VA's fee appraiser panel which had been included in other Topics in the previous version of this Chapter.
- Subsection a includes a reduction in the number of required reference letters to two.
- Subsection a clarifies that the two years on probation may count towards the required 5 years of experience, that experience may include work that is related to appraising, and that the applicant does not have to have held an appraisal license for 5 years.

a. List of Requirements

LGY staff must document that the appraiser has completed the following requirements prior to appointment to VA's fee appraiser panel:

- Submit VA Form 26-881, Application for Fee Personnel Designation.
- Submit 2 letters of reference from other appraisers.
- Have at least 5 years of experience in the type of work that would qualify the applicant to competently perform the required duties in the area(s) where the applicant wishes to work, such as residential real estate sales or residential construction in addition to appraisal experience which could include training with another appraiser. Since newly appointed appraisers will be in a probationary status for 2 years, a newly appointed appraiser will only need 3 years of experience as they will have 2 more years when the probationary period ends.
- Be currently licensed or certified by the State.
- Display good character and professionalism (no indication of any cause for embarrassment or adverse publicity for VA).
- Not currently employed by the Federal Government or a quasi-governmental organization (such as Fannie Mae, Freddie Mac, Postal Service, etc.). May be a local or state government employee if there is no conflict of interest (or the appearance of a conflict of interest) with VA assignments.
- Have no other conflict of interest between current employment or other position or private pursuits and VA assignments.
- Complete a satisfactory demonstration appraisal report following VA appraisal procedures.
- Have no delinquent debts to the Federal Government. VA will use the Credit Alert Interactive Voice Response System (CAIVRS) to screen each applicant for delinquent Federal debts. Satisfactory arrangements must be made to repay any delinquent debt to the Federal Government.

Reference: See Topic 4 Conflicts of Interest

Topic 3: Fee Appraiser Panel Appointment Process

Change Date: May 28, 2024

- Subsection a provides an update that response letters to fee panel applicants in areas where appraisers are not needed will include the link to the list of counties where appraisers are needed so they will have it for future reference.
- Subsection b includes an update that Assistant Valuation Officers will oversee the processing of appointments to the fee appraiser panel.
- Section c provides an update increasing the probationary period for newly appointed fee panel appraisers to two years during which they can be removed by the Valuation Officer.

a. Initial VA Processing of Application

Upon receipt of an application, VA staff will initially respond to the applicant acknowledging receipt of the application within 5 business days. VA staff will review the application in a timely manner, and then notify the applicant by letter. The letter will either state that:

- The applicant meets the basic requirements and is being considered, along with other eligible applicants. This letter may also request the applicant's Social Security Number (if not already provided) for CAIVRS screening.
- The applicant does not meet a basic qualification requirement (e.g., experience, licensing, conflict of interest) and name the specific requirement(s), or
- VA does not have an opening on the fee appraiser panel in the area where the applicant is working. The letter will include a link to the list of counties where appraisers are needed which is posted on VA's website.

b. VA Selection of Fee Panel Appraisers

VA staff will process all applications received with the highest priority for areas with unassigned appraisal requests.

When the Valuation Officer or Assistant Valuation Officer determines a need for an additional fee appraiser in an area, the Assistant Valuation Officer will work with their staff to:

- review the pending applications,
- determine who is best qualified, and
- process an appointment to the fee appraiser panel.

Note: The Assistant Valuation Officer must include documentation in the personnel file of each selected applicant confirming the selected applicant meets all requirements for the fee appraiser panel.

c. VA Notice of Fee Panel Selection

The AVO will send a letter to the individual selected for the fee appraiser panel that will:

- welcome them to the fee appraiser panel,
- remind them of their responsibilities regarding quality of work and demeanor when representing the agency,
- state that the first two years on the panel will be a probationary period, during which they can be removed at the discretion of the Valuation Officer,
- include reference materials regarding applicable VA requirements (e.g., VA Lenders Handbook Chapters 10 through 13 and training material), and
- be signed by the Assistant Valuation Officer.

Topic 4: Conflicts of Interest

Change Date: April 6, 2005

a. Conflicts of Interest Prohibited

VA staff will ensure the fee appraiser has no conflict of interest with performing appraisals for VA. The fee panel appraiser may not be employed by the Federal Government or a quasi-governmental organization (such as Fannie Mae, Freddie Mac, Postal Service, etc.). The fee panel appraiser may be a local or State government employee if there is no conflict of interest (or the appearance of a conflict of interest) with VA assignments.

VA fee appraisers must not engage in any private pursuit that could result in either:

- conflict between the fee appraiser's private interests and their VA fee panel appraiser responsibilities,
- bias of their judgment as a VA fee panel appraiser, or
- use of information obtained through a VA assignment to the detriment of the Government or Veterans.

VA fee appraisers who are also staff appraisers for Department of Housing and Urban Development Direct Endorsement lenders must:

- disclose that fact to VA and
- not accept VA assignments on properties in which their employer has an interest.

b. VA Oversight

If there is an indication that a fee panel appraiser's private pursuits or interests conflict with VA requirements:

- VA staff will promptly notify the appraiser, and
- VA will immediately take appropriate action (e.g., withdrawal of pending assignments and/or withholding of further assignments) pending the outcome of an investigation.

When appropriate, VA will administratively sanction the fee appraiser.

References:

- M26-1, Chapter 5
- VA Lenders Handbook, Chapter 17

Topic 5: Fee Appraiser Performance Files

Change Date: April 6, 2005

a. Performance File

VA staff will maintain a performance file for each fee panel appraiser in the system of record.

b. Performance File Contents

VA staff will ensure the performance file contains:

- the application to the fee panel,
- all documentation concerning appointment to the fee panel,
- evidence of current license and evidence of inclusion in the Appraisal Subcommittee of the Federal Financial Institutions Examination Council's ASC National Registry. The registry can be found at <https://www.asc.gov>,
- detailed documentation regarding work assignments, including copies of letters, records of telephone conversations and personal contacts, etc., regarding the quality and timeliness of the fee appraiser's performance, and
- correspondence or documentation concerning any disciplinary action including temporary or permanent removal from the fee panel for any reason.

Topic 6: Fee Appraiser Training

Change Date: May 28, 2024

- Subsection a includes an update that quarterly appraiser training.
- Subsection b includes an update that training may be conducted online.

a. Training

Communication between the fee appraiser and VA is essential to ensure that appraisal reports continue to meet VA expectations,

The Policy, Operations, and Training Teams will collaborate to hold quarterly training for appraisers nationwide. Attendance will be mandatory for appraisers who are on probation. As training needs arise based on program changes, training sessions may be designated as mandatory for all appraisers.

b. Training Sessions

Training ideally would be conducted by VA staff in an open forum where information and ideas may be freely exchanged. However, where not practicable, online meetings or individual meetings may be conducted. During these meetings VA staff should:

- provide training on any changes in the appraisal requirements or program requirements,
- furnish updated training materials,
- discuss timeliness requirements and customer experience expectations,
- answer any questions the appraisers may have, and
- consider any suggestions made by the appraisers.

Additional meetings may be appropriate depending on circumstances. Lack of travel funds should not be considered an acceptable reason for not holding such meetings since meetings may be held online.