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October 21, 2011

To: Clients and Friends

From: David F. Dulock

Subject: Department of Veterans Affairs Uniform Appraisal Dataset Appraisal Reports

For clients who originate or purchase VA loans, below is the text of the October 21, 2011, VA memorandum by Gloria H. Pointer, Valuation Officer in the Houston Regional Loan Center, announcing the adoption of Uniform Appraisal Dataset (UAD) compliant appraisal reports for VA Loan Guaranty Programs.

**Department of Veterans Affairs
Memorandum**

Date: October 21, 2011

From: Valuation Officer, Houston RLC

Subj: Uniform Appraisal Dataset (UAD)

To: Texas, Oklahoma, Louisiana, & Arkansas Fee Appraisers

The purpose of this memo is to announce the adoption of Uniform Appraisal Dataset (UAD) compliant appraisal reports for Department of Veterans Affairs (VA) Loan Guaranty Program Purposes. VA is moving to require UAD-compliant appraisal reports to remain in step with changes in appraisal reporting, to support consistency in appraisal reports, and to ensure the acceptability of VA appraisal reports within the industry. There are three actual changes to standing policy and procedures that are discussed in this memorandum.

1. **Effective Date** – Effective immediately, VA appraisers may, as an option, use UAD compliant versions of the forms. Effective January 1, 2012, VA appraisal reports **must be UAD compliant**.
2. **Forms** – The UAD will apply to the following commonly used residential appraisal report forms. **Appraisal reports for Manufacturing Housing are not affected by UAD requirements.**
 - a. Uniform Residential Appraisal Report – 1004/70
 - b. Individual Condominium Unit Appraisal Report – 1073/465
 - c. Exterior-Only Inspection Individual Condominium Appraisal Report – 1075/466
 - d. Exterior-Only Inspection Residential Appraisal Report – 2055/2055
3. **Points of clarification on VA appraisals in relations to UAD requirements**
 - a. VA Fee Appraisers will continue to complete VA appraisal reports in accordance with the requirements of the VA Lender's Handbook (VA Pamphlet 26-7, Revised) and instruction and guidelines from VA. Fee Appraisers are reminded that completion of the

data fields of the appraisal report does not relieve them of the duty to provide adequate explanations in the addendum to provide clarity and justification.

b. Appraisal reports will continue to be quality-reviewed for compliance with VA requirements.

c. While the UAD may allow for the use of unsettled sales in the sales comparison grid, VA requires that only settled sales be used.

d. UAD requires appraisers to provide specific information regarding remodeling in the past 15 years; VA expects Fee Appraisers to recognize and describe remodeling or updating and to make appropriate adjustments. On VA appraisals, Fee Appraisers should also report UAD information concerning the remodeling if it is available in the “normal course of business” within VA timeliness requirements for completion of the appraisal report. *This means that you will not be provided extra time to complete the report due to this UAD requirement.*

4. Changes to VA policy and procedures for VA appraisals in relations to UAD requirements.

To allow for acceptance of appraisal reports in compliance with UAD, VA policy regarding entries in appraisal report data fields which appear to conflict with UAD are changed as follows:

a. The requirement that only the “Department of Veterans Affairs” be entered in the *Lender/Client* field of the appraisal form is rescinded. Instead, the lender’s name will be entered in this field, as well as the “*Department of Veterans Affairs*” as the Client in this field. If your software will not allow for the entire “Department of Veterans Affairs” entry after entering the lender’s name, you may insert VA. Please do not use DVA.

b. The requirement that “Intended User: Any VA Approved Lender” be entered in the *Address* field for the lender is rescinded. Instead, the address of the lender will now be entered in this field.

c. The requirement that “Any Qualified Veteran” be entered in the *Borrower* field of the appraisal report is rescinded. The name of the Veteran purchaser will be entered as the borrower in this field.

If you have questions or concerns regarding this memo or any changes made to VA requirements as a result of the adoption of the UAD, please email me at gloria.pointer@va.gov.

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