

# Reconsideration of Value Guidance

On May 1, 2024, Fannie Mae, Freddie Mac, and HUD announced new policies for appraisal reconsiderations of value (ROV). These policies were the result of a collaborative effort between the GSEs, the Department of Housing and Urban Development (HUD) and the Federal Housing Finance Agency (FHFA). For loans requiring an appraisal report, the lender/mortgagee must have policies and procedures in place for a borrower-initiated reconsideration of value (ROV). At a minimum, the ROV process must meet GSE requirements and adhere to all applicable local, state, and federal laws.

This guidance is designed by NPAS to comply with the requirements of both HUD and the GSEs and to reflect best practices.

## The lender must...

- disclose the lender's ROV policy/process to the borrower at the time of application **and** upon delivery of the appraisal report to the borrower.
- complete its appraisal review before initiating the ROV process.
- designate an underwriter or other appraisal subject matter expert to **review the ROV request prior to submission**.
- validate the request from the borrower contains sufficient details prior to sending to the appraiser.
- obtain the necessary information from the borrower if the ROV request is unclear or needs more information.
- align its ROV policies and procedures with Appraiser Independence Requirements (AIR).
- standardize communication to the appraiser, that contains the following (NPAS form attached if needed):
  - borrower(s) name, property address, effective date of the appraisal, appraiser name, and date of the ROV;
  - identification and description of unsupported, inaccurate, or deficient areas in the appraisal report;
  - additional data, information, or comparable properties, **not to exceed the maximum of five**;
  - a definition of turn-time expectations for communicating ROV results (this form contains NPAS turn-times, not the lender's);
  - instructions for delivering the ROV response as part of a revised appraisal report that includes commentary on conclusions regardless of the outcome (NPAS form instruction includes this if utilized)
- standardized communication to the borrower regarding the following, which must be in writing:
  - acknowledgement receipt of the ROV from the borrower
  - how to correct an incomplete ROV request
  - status of the ROV request
  - results of the ROV request

## The appraiser must...

- review all information and market data from the underwriter **within 48 hours** of the request.
- notify NPAS of any specific delays.
- **summarize the analysis** of information provided by the underwriter **in a dated addendum within a revised version of the appraisal report**, regardless of whether the appraiser determines that changes are not needed to address the issue identified in the ROV request **within 72 hours** of the request.
- not charge the borrower additional fees for responding to the ROV request.

If material deficiencies identified in the appraisal report are not corrected or addressed by the appraiser upon request, or if there is evidence of any unacceptable appraisal practices, the lender must forward the appraisal report and summary of findings to the appropriate appraisal licensing agency or regulatory board. The lender must also report suspected overt violations of anti-discrimination laws to the proper local, state, and federal agency. Adding to what constitutes a material deficiency in "appraisal deficiencies", the policy states those deficiencies "that indicate a potential violation of fair housing laws or professional standards related to nondiscrimination." The policy also specifies that such deficiencies include "statements related to characteristics of a protected class unless fair housing laws permit consideration of the characteristic, such as age-restricted housing or housing with certain accessibility features."



## **Appraisal Reconsideration Request Form**

This form is provided by Nationwide Property and Appraisal Services (NPAS) for use in connection with a lender's Reconsideration of Value (ROV) process. It is offered for use as part of a lender's overall ROV policies and process.

NPAS appreciates the importance of the independence of the appraisal function from influence by the lending process. As such, it is important to note that the intent of any ROV process should be to address the credibility of the appraisal and the potential existence of bias; it is not to improperly influence an appraiser's value conclusion.

### **Please tell us which report you would like the appraiser to reconsider:**

Borrower's Full Name: \_\_\_\_\_

Property Address: \_\_\_\_\_

Order Number (if known): \_\_\_\_\_

Effective Date of the appraisal: \_\_\_\_\_

Appraiser's Name: \_\_\_\_\_

Date of this Reconsideration of Value Request: \_\_\_\_\_

Transactional role of person submitting ROV: \_\_\_\_\_  
(Borrower, Agent, Lender, etc.)

### **Description of unsupported, inaccurate, or deficient areas of the appraisal report or any claim of bias:**



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**New Data and explanation of how this data supports the ROV:**

**Comparable Sales:** If you would like the appraiser to consider using additional or more similar comparables please list the addresses here *including sale date and the source of the comparable data* used to determine relevance as explained above.

- (1) \_\_\_\_\_
- (2) \_\_\_\_\_
- (3) \_\_\_\_\_
- (4) \_\_\_\_\_
- (5) \_\_\_\_\_

**Comparable Sales Utilized:** If it appears that comparable sales utilized by the appraiser are not a suitable comparison to the subject property, please identify them here with the reasoning behind that determination:

**Your Contact Information:**

Name \_\_\_\_\_ Phone: \_\_\_\_\_ Email: \_\_\_\_\_

**The lender must upload this form through their LOS system or directly to the AScope or ValueLink order under review for tracking and compliance purposes.**

ONLY ONE RECONSIDERATION OF VALUE REQUEST MAY BE SUBMITTED.  
PLEASE HAVE A SUBJECT MATTER EXPERT REVIEW BEFORE SUBMISSION PER GSE REQUIREMENTS.

## ROV Guidance for Common Disputes

### Gross Above Grade Living Area:

- Additional sales for consideration should be within the GLA range of the comparables already included in the appraisal report.

### Distance from the Subject:

- Additional sales for consideration should not be further away from the subject than the comparables already included in the report.
- Avoid supplying sales which cross major highway, body of water, city, county, or school district boundaries (unless the appraiser crossed the same boundary).

### Age and Condition:

- Additional sales for consideration should be of a similar age and condition as the subject.

### Price per Square Foot:

- Unlike Realtors, Appraisers do not utilize price per square foot.
- Calculating price per square foot contradicts appraisal methodology.

### Market/Date of Sale Adjustments:

- Appraisers must analyze the market for trends, including increasing or decreasing property values.
- Should you dispute the market analysis, be sure to provide adequate support for the conflicting data you are providing.
- Do not provide sales which sold further back in time than the sales the appraiser has already used. Sales within 90 days of the effective date are ideal.

### Quality of Construction and Updates/Upgrades:

- Upgrades/updates do not always add value and rarely add dollar for dollar cost to the value. The market determines the value of updates/upgrades.
- Additional sales should be of similar quality and degree of updating as the subject.
- Statistical comparable data should be explained to support any concerns in the degree of upgrades to the subject vs comparable sales.
- Quality can vary within a quality rating. (Ex: A Q4 rated comp with slightly higher quality flooring and counters might or might not justify a Q3 rating, but still might require an adjustment compared to a Q4 subject where those items are the only difference.)

### Adjustments:

- There are no "standard" adjustments.
- Whether a property has or lacks amenities, does not necessarily mean the appraiser can quantify its value or impact.
- Landscaping, fences, sheds, proximity to parks or site location (cul-de-sac) are generally not items appraisers are able to quantify into an adjustment.
- Finished heated garages, appliance packages, special energy efficient items, bars, or gyms can be taken into consideration in the entire quality and condition of the property.

### Bed/Bath Count and Below Grade Area:

- A bed in a room does not necessarily mean it counts as a bedroom. The room must conform to size, location in the home, headroom, closet space, door closure and legal exit parameters to be considered a bedroom.
- If any portion of a floor is below grade, this area must be reported in the basement/below grade area of the grid. This includes the count of any bedrooms or bathrooms located on that floor/level.

### No Updates in the Past 15 Years:

- This is embedded UAD coding for any property that does not have remodeled bathrooms and kitchens.
- Even if other updates have been made but they do not include bathrooms or kitchens, the Appraiser will state "No updates in the past 15 years."