

# RECONSIDERATION OF VALUE DISCLOSURE

## WHAT IS A RECONSIDERATION OF VALUE

A Reconsideration of Value (ROV) is a process that allows borrowers to request an additional review of their appraisal. The request may ask for a correction, or for a reevaluation of the appraised value based on information not present on the appraisal report.

## WHEN TO REQUEST A RECONSIDERATION OF VALUE

Borrowers are encouraged to thoroughly review their appraisal. A request for a reconsideration of value should be considered when a borrower has questions regarding the reliability or credibility of the appraised value. The ROV request may indicate:

- There are errors or omissions in the appraisal report, including incorrect data or mathematical errors.
- Comparable sales data is inadequate and does not accurately reflect the property value.
- Appraisal reflects discriminatory practices or a bias that may have influenced the value determination.

If the appraisal provides a value that is lower than expected, it does not always mean that the appraisal is inaccurate or that another appraisal would result in a greater appraised value.

## GUIDANCE FOR REQUESTING A RECONSIDERATION OF VALUE

Borrowers should be as detailed as possible when providing information for the ROV request. Disagreements with the appraisal analysis or adjustments made by the appraiser should be explained based on factual information. Borrowers may provide supporting documentation such as additional market data, comparable sales data, photographs, or other relevant information to support a claim that the appraisal is inaccurate.

### Requests based on comparable sales:

When providing comparable sales data, the borrower should include details explaining why the new data supports the ROV and is superior to the comparable sales selected by the appraiser. Comparable sales should have similar characteristics to the subject property, such as gross living area (GLA), room count, and structural style. The sales should also be located within the same market area.

- No more than five comparable sales will be considered.
- Comparable sales provided must have closed prior to the appraisal effective date, as the appraised value is meant to be reflective of the property's market value as of the appraisal effective date, based on the information available at that time.
- The source of the information must be provided, such as an MLS listing or property records.
- Active or pending listings may not be provided for consideration.

## **RECONSIDERATION OF VALUE PROCESS OVERVIEW**

- Borrower(s) must complete a Reconsideration of Value Request Form.
- The form must be signed and submitted in the manner indicated by the lender.
- Once an ROV request is received, the lender will confirm that sufficiently detailed information has been provided by the borrower. Lender will request any clarifying information needed from the borrower to complete the request.
- Lender will thoroughly assess information provided in the borrower's ROV request. If the ROV request is complete and meets applicable guidelines, the form and supporting documentation will be submitted to the appraiser for consideration.
- The appraiser will generally respond within five business days of receiving the ROV request. The appraiser will reassess the appraisal using the additional information and provide an analysis within a revised version of the appraisal report, even if the appraiser determines that a change is not needed to address the issues identified in the ROV.
- Lender will advise borrower(s) in writing of the outcome of the ROV request. If the lender finds that an appraisal has a material deficiency that cannot be resolved, the lender may order a second appraisal without processing an ROV request.

## **GENERAL GUIDELINES**

- Borrower(s) may initiate only one ROV request per appraisal.
- The ROV will be provided at no cost to the borrower(s).
- ROV requests may no longer be submitted after a loan has closed.
- Borrower(s) may not submit additional appraisals completed for the property, as they will not be provided to the appraiser for review or comment.
- Borrower(s) may not provide a desired or estimated value or range of values for the appraiser to consider.
- Appraisers must follow professional standards defined in the Uniform Standards of Professional Appraisal Practice (USPAP).