

<b>Appraisal Dispute Procedures</b>	<b>Division: Direct to Consumer / Retail/JV / Wholesale</b>
	<b>Department(s): Sales, Operations, Underwriting &amp; Collateral Review</b>

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# Overview



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## Purpose

The purpose of this document is to outline the Appraisal Dispute process for Conventional, FHA, VA and USDA transactions.

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## Scope

When an appraisal report is received by Sales or Operations associates that contain material defects, that associate must complete the *Valuation Dispute Form* detailing the deficiencies and forward to the Collateral Review Team (CRT) for review.

Material defects may include, but are not limited to:

- Inaccuracies regarding the subject property or comparable characteristics.
- Dissimilarities of comparables selected.
- Comparables ignored which appear to be more similar or possibly closer in distance to the subject property than those comparables selected.

The *Valuation Dispute Form* must be approved by Sales/Operations Management and submitted via email to CRT at the NewRez\_Appraisal Disputes mailbox ([AppraisalDisputes@newrez.com](mailto:AppraisalDisputes@newrez.com)), with "Dispute" noted in the subject line.

CRT reviews the valuation dispute request.

- If it is determined that the dispute has merit, CRT sends the dispute to the applicable AMC.
    - The submission process differs based on non-government, FHA/USDA or VA appraisals.
  - If the dispute is found to be without merit, CRT advises the channel/requestor of its decision.
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## Responsibilities

- Sales and Operations associates complete the *Valuation Dispute* form and send to CRT for review.
    - DTC & Retail/JV - Mortgage Consultants/Loan Originators are responsible for submitting the request.
    - Wholesale - Account Managers are responsible for submitting the request on behalf of the Broker.
  - CRT reviews the dispute form to determine validity and takes the appropriate actions based on the findings.
  - DE Underwriters work with CRT to review dispute requests on FHA and USDA applications.
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<b>AIR</b>	Appraiser Independence Requirements (AIR) prohibits any act or practice that impairs or attempts to impair an appraiser's independence, objectivity, impartiality or violates law or regulation, including, but not limited to, the Truth in Lending Act (TILA) and Regulation Z, or the Uniform Standards of Professional Appraisal Practice (USPAP).
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## Procedure

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### Overview

The following section outlines the action steps required by Sales, Operations, Underwriting and CRT when an appraisal dispute is requested.

There are different requirements based on loan product:

- Non-government
  - FHA and USDA
  - VA
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### Completing and Submitting the Valuations Dispute Form

The appraisal dispute process is an outlet to express and resolve concerns regarding material errors found in valuation products. A dispute may be initiated by completing the *Valuation Dispute Form*. The form must be completed and submitted by Sales (DTC and Retail/JV) or Account Managers (Wholesale) as follows:

1. Complete the [Valuations Dispute Form](#).
    - The form is located in the [P&P Document Library, Resources section](#).
    - All fields at the top of the form are required to be completed. At a minimum, one (1) *Reason* for dispute must be selected.
      - For disputes based on errors regarding the appraiser's reporting of the subject's characteristics or other data contained in the report, the *Comments* field must be completed with factual information pertaining to the discrepancies. Exhibits must be provided in PDF format to support the dispute (*e.g.*, photos, tax records, MLS sheets).
      - For disputes based on the appraiser's comparable sale selection, the *Comments* field must provide a short summary of the complaint. The Alternative Sales section must be completed in full. Active listings will be rejected as they are not closed factual events. Disputes based on comparable selection for which this section is incomplete will be rejected. MLS sheets or print outs from other real estate websites may be provided in PDF format as exhibits.
      - For disputes based on concerns regarding the appraiser's value reconciliation as it pertains to the data provided in the report, the *Comments* field must provide a detailed explanation of the argument.
  2. Forward the completed form to the Sales/AM Manager with any supporting documentation in PDF format.
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**Completing and Submitting the Valuations Dispute Form,**  
continued

3. The manager reviews the dispute and, if in agreement, submits the request and supporting documentation to CTR via the NewRez\_Appraisal Disputes mailbox ([AppraisalDisputes@newrez.com](mailto:AppraisalDisputes@newrez.com)).
    - Include the loan number and “Dispute” in the subject line.
  4. CRT reviews the request, as outlined in the following sections, and provides a response to the requestor.
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**Non-Government Appraisals**

The following procedure pertains to appraisal dispute requests received for Non-Government appraisals. CRT follows the action steps below:

1. Review the completed *Valuations Dispute* form and supporting documentation provided with the request.
  2. If the dispute request is identified as non-compliant or invalid, decline the request.
    - Inform the requestor of the reasons for the decline.
  3. If the dispute is determined as credible, forward the dispute to the appropriate vendor to be adequately addressed by the appraiser.
  4. Upon receipt of the appraiser’s response to the dispute, review for completeness and reasonableness. Responses deemed inappropriate are rejected back to the valuation vendor for further consideration.
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**FHA and USDA Appraisals**

If an appraisal dispute is received for an FHA or USDA appraisal, CTR must work with the DE Underwriter prior to requesting any information from the Vendor/AMC.

1. CRT reviews the issues raised on the Valuations Dispute form to determine if they are satisfactorily addressed.
  2. CRT emails the DE Underwriter regarding the dispute and identifies if the information submitted necessitates a revision request or possibly a replacement report request to the AMC.
    - Subject line to include the loan number and “FHA/USDA Appraisal Dispute.”
    - If CRT believes the appraisal dispute should be pursued with the Vendor(AMC), include a full explanation in the body of the email.
    - Enter detailed notes in EPIC *Loan Comments*.
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### **FHA and USDA Appraisals,** continued

3. A response from the DE Underwriter is required prior to completing the appraisal dispute review. Review the Underwriter's response to determine if there are any additional findings.
4. Upload the addendum, appraisal report, CRT checklist and any related material to XDOC.
5. Email the requestor and manager and copy the DE Underwriter to notify that the appraisal dispute is complete and provide the outcome of the dispute.

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### **VA Appraisals**

If an appraisal dispute is received for an VA appraisal, CRT must work with the VA Automatic/LAPP Staff Appraiser Reviewer (SAR) prior to requesting any information from VA.

1. CRT reviews the issues raised on the Valuations Dispute form to determine if they are satisfactorily addressed.
  2. CRT emails the VA SAR regarding the dispute and identifies if the information submitted necessitates a revision request or possibly a replacement report request to VA Regional Loan Center (RLC).
    - Subject line to include the loan number and "VA Appraisal Dispute."
    - Attach the appraisal dispute form and original appraisal report.
    - Body of email to include a full summation of assessment on the dispute.
      - Indicate CRT believes the appraisal dispute should be pursued to request a change to a Notification of Value (NOV).
    - Enter detailed notes in EPIC *Loan Comments* and in the LSAM in WebLGY.
  3. A response from the SAR is required prior to completing the appraisal dispute review. Review the SAR's response to determine if there are any additional findings.
  4. Upload the addendum, appraisal report, CRT checklist and any related material to XDOC.
  5. Email the requestor and manager and copy the SAR to notify that the appraisal dispute is complete and provide the outcome of the dispute.
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**Tools**                      [Valuations Dispute Form](#)

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**Associated Policies/ Procedures**                      [Appraisal Procurement Policy](#)

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**Definitions / Abbreviations**

- AMC – Appraisal Management Company
- CRT – Collateral Review Team
- AIR – Appraiser Independence Regulation

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**Glossary**                      Select the following link to access the [Glossary](#)

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**Revision History**

<b>Date</b>	<b>Revision</b>	<b>Requested By</b>	<b>Revised By</b>
11/25/2020	Initial Publication	Jennifer Lomanno / Nora Pio	Elizabeth Melniczek

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This procedure is subject to a cyclical review every twelve (12) months or as changes occur; however, a risk assessment, audit examination, management or legal request may result in an interim review.

All employees are required to comply with the procedures outlined within this document. Failure to do so may result in disciplinary action.