**7302.10: Reconsideration of Value Procedures**

**Model Revised Date: 01/03/2024**

*{This procedure is intended to serve as a model guide for credit unions. More detailed disclosures and processes, as well as the relevant employee for contact needs to be updated and included. It is also important to note that the Credit Union’s procedures related to members request for ROVs cannot be overly cumbersome or unreasonable to dissuade a member from requesting an ROV.}*

Home buyers and homeowners can ask a lender to reconsider a home valuation the consumer believes to be inaccurate based on certain facts contained in the report, not just a disagreement that the valuation is too low. This may include errors in the original report, failure to properly consider all comparable properties, etc. This process is often referred to as a “reconsideration of value” or “ROV.” The Credit Union may also identify potential issues with a valuation as part of an internal review process.

Whether the ROV is initiated internally or by the member, the Credit Union will have a risk-based program inclusive of policies, procedures, control systems, and complaint management that identifies, addresses, and mitigates the risk of deficient valuations, including valuations that involve prohibited discrimination.

The Credit Union will comply with internal policies, including Policy 7120 – Fair Lending and all applicable regulations and guidance, including (but not limited to):

* Equal Credit Opportunity Act and Regulation B
* Fair Housing Act
* Unfair Deceptive Acts or Practices and Consumer Financial Protection Act
* Truth in Lending and Regulation Z
* Financial Institutions Reform, Recovery, and Enforcement Act of 1989
* NCUA Appraisal Regulations
* Uniform Standards of Professional Appraisal Practice (USPAP)
* Interagency Appraisal and Evaluation Guidelines

Whether the credit union uses a third-party, such as the assistance of a third-party appraisal management company, to assist with the review of the appraisals, the responsibility to ensure appraisals are accurate, free from bias, and in compliance with the above regulations and guidance, is the credit union’s responsibility and cannot be delegated.

**Overview**

During the application process, the Credit Union will provide the borrower with clear, actionable information about how to raise concerns about the accuracy of an appraisal, including the requirements to provide evidence to substantiate the basis for a reconsideration.

The Credit Union’s reconsideration of value process will ensure that all borrowers have an opportunity to explain why they believe that a valuation is inaccurate and the benefit of a reconsideration to determine whether an adjustment is appropriate. For example, borrowers can also point out factual or other errors of omissions, inadequate comparable properties, or provide evidence that the appraisal was influenced by prohibited basis.

The process will be nondiscriminatory and available and accessible to all.

**Employee Training**

All employees will be trained in how to escalate ROVs received from members to the Compliance Officer.

Lending employees will be trained on how to explain to members the ROV process at the application process.

Credit Union employees responsible for the ROV process will have more extensive training specific to the credit unions policies and procedures.

**ROV Committee**

The Credit Union will establish an ROV Committee to review any ROV requests that come through from members. The ROV Committee will be made up of [the Compliance Officer, the Senior Lender, and the CEO – *at a minimum, the Credit Union should consider additional employees when possible*].

**Valuation Review Procedures – Potential Deficiency**

Valuations that are not credible may pose risks to the financial condition and operations of the credit union. These risks may include loan losses, violations of law, fines, civil money penalties, payment of damages, and civil litigation.

1. Whether notified by the member or part of the internal review process, the Credit Union will review avaluation to determine if there may be deficiencies due to:
	* 1. prohibited discrimination;
		2. errors or omissions; or
		3. valuation methods, assumptions, data sources, or conclusions that are otherwise unreasonable, unsupported, or unrealistic or inappropriate.
2. If a potential deficiency is identified, the Credit Union will first attempt to resolve the inconsistency with the appraiser or person who performed the valuation.
3. If the Credit Union determines that the appraisal does not meet the minimum standards outlined in the Agencies appraisal regulations and if the deficiencies remain uncorrected, the appraisal will not be used as part of the credit decision.
4. If unresolvable with the initial appraiser or person who performed the valuation, the credit union will request a second opinion of market value obtained through a qualified appraiser at the Credit Union’s expense.

**Member Notification Procedures**

1. The Credit Union will provide the borrower with clear, actionable information about how to raise concerns about the accuracy of an appraisal during the time of application through a model disclosure created by the credit union.
2. Any concerns escalated to staff members through the complaint process or otherwise, will be escalated directly to the Compliance Officer for follow-up and next steps.
3. The Compliance Officer will be responsible for reviewing all ROV requests when they come into the Credit Union from a member.
4. The Compliance Officer will schedule a meeting within one week with the ROV Committee to review the request.
5. The Committee will discuss the member concerns and determine necessary follow-up with the appraiser/person performing the valuation and/or the member.
	1. Additional information may be needed/requested from the member include a description of inconsistencies in the report, property misrepresentations, factual errors, incorrect calculations, past or current appraisal reports on the property, etc. with supporting documentation.
6. The Credit Union’s communication will remind the member that the ROV process is not intended to change the value because there may be dissatisfaction with the appraised amount.
7. The Credit Union will make sure to further investigate issues with reliability or credibility, including evidence of discrimination or bias. Based on the outcome and review, a new appraisal may be ordered at the Credit Union’s expense.

	1. If there is repeat evidence of valuation issues from a particular appraiser, the Credit Union will remove that appraiser from their approved list.
8. After the final review, the Compliance Officer will provide notification to the member to indicate the Credit Union’s analysis and outcome.

**Timelines**

1. Upon determination of potential deficiency, the Compliance Officer will schedule an ROV Committee meeting within 1 week of member notification.
2. The Compliance Officer will have 3 business days from the meeting to communicate with the member.
3. If additional notification from the member is needed, the Credit Union will have an additional 3 business days to review the materials received from the member and respond back to the member with next steps.
	1. The Credit Union will pursue next steps, in the timeframe above, including scheduling contacting the appraiser and/or scheduling a new appraisal.
4. The Credit Union will have an additional week to correspond with the consumer after the final information has been provided and/or the Committee has met.