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Preview

Borrower- Initiated Reconsideration of Value for Key Loans

Truist Bank updates its appraisal standards to include provisions for Reconsideration of Value and Appraisal Quality.

Effective Dates

Truist encourages lenders to implement the new ROV requirements immediately but must implement by October 31, 2024 (*for loans with applications dated on or after October 31, 2024*).

Background Information

Fannie Mae SEL-2024-03 announced the development of a framework for lenders to review and respond to a borrower-initiated reconsideration of value (ROV). The lender's policies and procedures are required to include steps for the borrower(s) to appeal an appraisal when they believe the opinion is unsupported, deficient, or if the appraisal reflects prohibited discriminatory practices. Truist is implementing this framework for Key Loans.

Bulletin Details

Reconsideration of Value Requirements

Lenders are responsible for ensuring that the appraisal report and the opinion of value are reliable, adequately supported, and that the borrower's concerns with the valuation are addressed in a timely manner. The lender must provide a disclosure to the borrower outlining the ROV process at the time of loan application and again when the appraisal report is provided to the borrower. The disclosure must make it clear that only one borrower-initiated ROV is permitted per appraisal.

Appraisal Independent Requirements (AIR) is added to the Second Appraisals section under the Non-Agency Loans subtopic, which is also renamed to include Key Loans in the subtopic name, **in Section 1.07 of the Correspondent Seller Guide**. This update includes the following:

- **Appraiser Independence Requirements** provides that the lender must not order, obtain, use, or pay for a subsequent appraisal in connection with a mortgage financing transaction unless:
 - there are indicators that the initial appraisal was inaccurate, not credible, or in violation of legal and/or professional standards related to nondiscrimination, and such indicators are clearly and appropriately noted in the mortgage file, or
 - such subsequent appraisal is done pursuant to written, pre-established bona fide pre- or post-funding appraisal review or quality control processes or underwriting requirements, and so long as the lender adheres to a policy of selecting the most credible appraisal, rather than the appraisal that states the highest value, or

Bulletin Details, continued

- a subsequent appraisal is required by law.
- The Lender is responsible for determining if an appraisal is defective.
- The Lender must document the file with reasons for relying on the selected appraisal.

Additionally, the following new subtopics are added to the Appraisal Requirements:

- Lender Responsibilities
- Confirmation and Documentation of the Current Owner
- Objective and Unbiased Appraisals
- Reporting Unfavorable Conditions
- Unacceptable Appraisal Practices

Lastly, the following subtopics in the Appraisal and Loan Origination and Compliance sections of **Section 2.01c Texas Section 50(a)(6) Mortgages Standard** are updated as follows:

- Appraisal Requirements - Non-AUS Agency Loan Standard and the Key Loan Standard subtopic is updated to add lender responsibilities if an appraisal is obtained for the transaction.
- Loan Origination and Compliance – the Non-AUS subtopic is updated to add lender responsibilities if an appraisal is obtained for the transaction.

Before and After Matrix (Matrices)

[Click here](#) to see the before and after matrix that provides a detailed overview of all standard revisions.

Revised Material/Materials

Click [Section 2.06 Key Loan Standard](#), [Section 2.01c Texas Section 50\(a\)\(6\) Mortgages Standard](#) and [Section 1.07 Appraisal Standard](#) to review the revised product materials.

Former Standards

See the before and after matrix provided in the Bulletin Details section of this bulletin to access the former standards.

Other Resources

Support Group	Description and Contact Information:
Correspondent Relations Coordinator	Specific questions on applying this procedure to specific loan files. Contact Correspondent Relations Coordinators at 800.382.2111, Option 1.
Product Support	Provides phone and email support on products, policies, and procedures as well as new product rollout and existing product enhancement. Contact Product Support at 800.382.2111, option 3.

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