

Borrower Initiated Reconsideration of Value (ROV)

This process is part of the Property Appraisal and Valuation Equity (PAVE) guidance from FHA, Fannie Mae, and Freddie Mac. American Financial Resources (AFR) is committed to providing loan customers with an easy method for raising concerns about property appraisals performed during the application process.

We encourage customers to point out possible:

- Errors or omissions in the appraisal report
- Use of incorrect comparable properties
- Evidence that the appraisal was influenced by bias or discrimination.

If there are concerns with the appraisal, please review the content below and submit these concerns. It is important to let AFR know about the concerns as early as possible so they can be addressed quickly.

Effective on October 31, 2024:

- FHA effective on case numbers assigned on or after 10/31/2024.
 - Effective 3/26/2025 provisions for FHA transactions have been rescinded per [Mortgage Letter \(ML\) 2025-08](#).
- Fannie Mae and Freddie Mac effective on application dates on or after 10/31/2024

Process:

First Disclosure:

- At application or initial disclosure.
- Provides guidance for ROV requests.

Second Lender Disclosure:

- Upon receipt of the appraisal a second disclosure is delivered to the Borrower.

Appraisal review by Lender:

- The underwriter will review the appraisal for deficiencies or corrections that need to be made.

If the Borrower requests a ROV:

- Must be submitted by the borrower prior to loan closing and only one ROV can be requested.
- Borrower completes the minimum requirements and sends the request for the ROV to AFR.

How to Request a ROV

If you believe any of the above circumstances have occurred, please follow these steps:

- **Gather Supporting Evidence:** Collect any relevant information or documents that support your request. This may include:
 - Additional comparable sales that were not considered in the appraisal (not to exceed five, and the related data sources (for example, the NMLS listing number);
 - Documentation of factual errors in the appraisal report; and/or
 - Evidence of significant market changes since the initial appraisal.
- **Complete the ROV Request Form:** Fill out the ROV Request Form and provide detailed explanations of your appeal and attach supporting documentation.
- **Submit Your Request:** Send the completed form as instructed on the ROV Request Form with all supporting documents, no later than five business days after you receive the appraisal. The ROV Request Form provides specific information on how to submit the ROV appeal.

AFR Reviews Request:

- AFR verifies request has merit and contains all required information.
- Gain clarity from borrower if needed.

AFR requests ROV from AMC:

- Send standardized communication to the AMC.
- Within 48 hours the ROV request will be reviewed

Appraisal Revisions:

- AMC engages the appraiser who then analyzes the new information and revises the original appraisal with description of the points in dispute and the results of the appraiser's consideration of the request.
- AMC delivers revised report.
- The resolution of the ROV must be completed prior to loan closing.

Final Step:

- AFR communicates results to the borrower.
 - If material deficiencies were not corrected in the appraisal report or if it contains suspended overt violations of anti-discrimination laws:
 - Report to licensing and regulatory agencies.
 - In this case, AFR may obtain a second or subsequent appraisal report.

General guidance on errors or omissions:

Appraisal reports have detailed descriptions, measurements and other data for the subject home and comparable properties that are used to determine the value of the property. It is important that these descriptions, measurements, and other data are accurate and complete. Here are some common examples of factual errors:

- Incorrect number or total rooms, bedrooms, bathrooms, or garage spaces
- Incorrect square footage of the entire site, gross living area, or specific rooms
- Incorrect quality of construction rating
- Incorrect property condition rating.

Here are some common examples of omissions:

- Failing to include features such as fireplace, swimming pool, patio, or deck
- Failing to describe any deferred maintenance, recent remodeling, or upgrades
- Failing to include the recent sales history and prior purchase price of the house.

Please provide as much information as possible for the AMC to consider in communicating with the appraiser. For factual errors in the appraisal, specify what is inaccurate. For omissions, specify the features or characteristics of the property that are missing.

General guidance on comparable property selections:

Comparable sales are recent sales of similar properties that appraisers use to help determine the fair market value of a subject property. The appraiser is responsible for selecting the best and most appropriate comparable sales based on a variety of factors. Here are some general guidelines that appraisers follow that should guide you in this ROV process:

- Comparable sales should be recent sales that have closed no more than 12 months before the completion date of the appraisal report.
- Comparable sales should be near the subject property, and ideally located in the same neighborhood. If there are not enough recent comparable sales in the same neighborhood, the appraiser may select comparables from other nearby neighborhoods.
- Comparable sales should have similar physical characteristics to the subject property, such as the number of bedrooms and bathrooms, square footage, style, and condition. This does not mean the comparables must be identical to the subject property, but they should appeal to the same buyers.

Please provide specific addresses of comparable sales you think the appraiser should have selected (or not selected) and why. If you are working with a real estate agent, they may be able to help you find comparable sales in the area. You may use websites like Redfin® and Zillow® or public records to find recent sales activity – but keep in mind, you cannot use current listings.

General guidance on bias or discrimination:

It is improper for an appraiser to reach a conclusion of property value based on characteristics such as race, color, religion, national origin, gender, marital status, familial status, age, receipt of public assistance income, or handicap. Appraisal discrimination can result in a home being undervalued or overvalued. Some examples of possible bias or discrimination are:

- Receiving an appraisal valuation that is lower than the contract purchase price.
- Verbal discriminatory or biased comments by the appraiser.
- References to race or ethnicity in the “Neighborhood Description” or anywhere else in the appraisal
- References to languages spoken in an area.
- References to amenities geared toward a race, ethnic or religious group, such as the property is near a shopping center that has certain ethnic food and clothing stores.
- Comments that house prices in the area are rising due to gentrification.
- References to the diversity or lack of diversity in an area

Please explain the facts and circumstances that show the appraisal may have been impacted by bias or discrimination.

Appraiser independence requirements:

Federal law prohibits anyone from influencing or trying to influence an appraiser’s value conclusion through coercion, collusion, compensation, or intimidation. To avoid any appearance of influence when submitting your ROV Request Form, please:

- Do not give your opinion as to the correct value or range of values you desire. However, you may list the contract purchase price or prior sale price of the property.
- Do not provide a prior appraisal report. However, you may include comparable sales from that report if they are no more than a year old.
- Be respectful in providing your narrative about your concerns with the appraisal.