

# SAR Appraisal Review Guide

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This guide outlines what a SAR looks for, including bracketing, comparables, property eligibility, and Minimum Property Requirements (MPRs).

# What a SAR Looks for in an Appraisal Review

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*A VA Loan Appraisal Review Guide by The Housing Assistant*



## Introduction

A Staff Appraisal Reviewer (SAR) is responsible for evaluating appraisals for VA loans to determine whether the value and property meet VA requirements. This guide outlines what a SAR looks for, including bracketing, comparables, property eligibility, and Minimum Property Requirements (MPRs).

### 1. Completeness and Accuracy

- Full completion of the Uniform Residential Appraisal Report (URAR or 1004)
- Accurate subject property data: address, legal description, GLA, and condition
- Clear, labeled photos of subject and comparables
- Appraiser signature, date, license, and VA panel number included

### 2. Sales Comparison and Bracketing

The sales comparison approach is the most critical valuation method. A SAR checks:

- A minimum of three closed, arm's length comparable sales
- Comparables that are within 1 mile of the subject property (or justified otherwise)
- Sales closed within 12 months, preferably 6 months or less
- Homes that are similar in age, size, and design
- Bracketing of features like price, gross living area (GLA), lot size, and condition

#### What is Bracketing?

Bracketing means choosing comparable properties both above and below the subject's attributes. For example, if a home is 1,500 sq ft, the comps might be 1,400 sq ft and 1,600 sq ft. This supports a balanced and objective estimate of value.

### **3. Neighborhood and Market Analysis**

- Trends (stable, increasing, declining)
- Economic factors or oversupply risks
- Market reaction to property features
- Predominant property types and values
- Typical lot size and age of improvements

### **4. Property Condition and VA Minimum Property Requirements (MPRs)**

SARs are trained to flag MPR issues, which include:

- Safe access to and from the home
- Functioning mechanical systems
- Roof in good condition with 3-5 years life remaining
- No lead-based paint hazards (especially for pre-1978 homes)
- No wood-destroying insects, rot, or moisture issues
- No exposed wiring or health hazards
- Water, sewage, heating, and electricity must be working

THA Tip: Repairs noted by the appraiser must be clearly stated in the NOV or resolved prior to closing.

### **5. Purpose and Intent of the Appraisal**

SARs ensure the appraisal clearly states:

- The purpose is for VA-guaranteed financing
- The intended user is the Department of Veterans Affairs and the lender
- Any outside influences or special instructions are disclosed

This ensures the appraiser is aware of and complies with VA appraisal standards.

### **6. Final Review and Reconciliation**

SARs check that:

- The value is well-supported by the comparables
- Adjustments are reasonable and explained
- Comments explain any major differences or unusual findings
- The final appraised value supports the loan amount and contract price

### **7. Borrower's Purpose and Intent**

SARs must verify that the borrower intends to use the property as their primary residence, a key VA loan requirement.

Where SARs Find This:

- On the URAR, under the Occupancy section of the Subject page
- Borrower's VA loan application and certifications

Acceptable Use:

- Owner-occupied homes only

THA Tip: Investment properties or second homes are not eligible for VA loans. SARs must ensure the borrower certifies intent to occupy within 60 days of closing.

## **8. Remaining Economic Life of the Property**

VA guidelines require that the remaining economic life of the home be equal to or greater than the loan term.

Where It's Found:

- URAR Page 1, under the "Improvements" section
- Appraiser lists the effective age and remaining economic life (in years)

Why It Matters:

- If the remaining life is less than 30 years, the loan term may need adjustment or the property may require repairs
- Helps ensure the property remains safe, habitable, and maintains value over time

THA Insight: SARs must verify this number exceeds the loan term to meet VA sustainability requirements.

## **9. Final Review and Reconciliation**

SARs check that:

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- Comments explain any major differences or unusual findings
- The final appraised value supports the loan amount and contract price