



Announcement 2020-026
April 15, 2020

VA Loans – COVID-19 Updated Temporary Valuation Guidance

Eligible Channels

- Correspondent

Appraisal and Valuation Practices during COVID-19 National Emergency (Updated)

The VA has updated and clarified the temporary valuation guidance that was previously issued for VA appraisals ordered during the current COVID-19 National Emergency Declaration. This updated valuation guidance supersedes the Appraisals and Valuation Practices portion of the previously issued NewRez Announcement 2020-040 VA COVID-19 Guidance. The appraisal and valuation guidance in this Announcement are the same as contained in the previous announcement, but with several new guideline revisions that are highlighted in red and report descriptions that are placed in grid format for clarity.

The updated guidance is effective for applications dated on or after April 12, 2020 and valid until further notice.

The VA has clarified the [requirements](#) for Exterior-only inspection and Desktop appraisal options when the VA Fee Panel Appraiser is unable to perform a standard interior-exterior inspection Uniform Residential Appraisal Report (URAR) due to mandatory quarantine measures or safety and public health concerns raised by a party in the transaction.

The expectation of the VA is that appraiser will first attempt to perform an interior inspection of subject property if conditions permit and then default to the alternate appraisal options that are described below if necessary.

The Exterior-Only and Desktop appraisal options are eligible for all Purchase and Refinance transactions and for Existing Construction and New Construction properties. There are loan amount limitations to the use of the alternative appraisal reports. See below.

Staff Appraisal Reviewers (SARs) will continue to review the appraisal reports in WebLGY and issue the Notice of Values (NOV) in compliance within current VA guidelines and the special requirements described below.

Exterior-Only Inspection Report	
Maximum Loan Amount Use	Limited to loan amounts equal to 1 ½ times the FHFA Conforming loan limit for one-unit dwelling, e.g. \$765,600 (\$510,400 X 1.5)
Required Report Forms	FNMA 2055/1075 FNMA 1004C/1025
Protocols and Required Statements/Certifications to be indicated on Report	<ul style="list-style-type: none"> • Indicate "Exterior-Only" in Map Reference Field in Subject Section of page 1 of URAR • Indicate "Per Department of Veterans Affairs, no interior inspection was provided due to COVID-19." • The appraiser will make effort to review the full exterior of the property and provide photos of all sides of the property with detailed notes of the exterior and any visible MPRs. In instances of obstructed or restricted view and access is unable to be granted or

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	<p>allowed, Multiple Listing Service (MLS) photos of these areas may be utilized. If MLS photos are utilized, it must be explained in the appraisal report.</p> <ul style="list-style-type: none"> • A measurement of the footprint of the home should be provided if accessible. This is not to determine the gross living area (GLA) but for the appraiser to reconcile with public records. • The appraiser will conduct a detailed interview over the phone with the occupant, Veteran, or real estate professional regarding the property. It is the appraiser's responsibility to obtain sufficient information to provide a creditable report. Interview questions should be noted and kept in the appraiser's work file. Key items that may impact market value should be noted in the appraisal report with details about what was provided and by whom. • The appraiser may utilize photos available from MLS, provided by the occupant, Veteran, or real estate professional. Comparable sales will still be viewed, and photos provided when possible.
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Desktop Appraisal Valuation	
Maximum Loan Amount Use	Limited to loan amount equal to the FHFA Conforming loan limit for one-unit dwelling, e.g. \$510,400
Required Report Forms	FNMA 1004/1073 FNMA 1004C/1025
Protocols and required Statements/Certifications to be indicated on Report	<ul style="list-style-type: none"> • Indicate "Desktop" in Map Reference Field in Subject Section of page 1 of URAR • Indicate "Per Department of Veterans Affairs, no interior inspection was provided due to COVID-19." • Appraiser is required to attach a copy of the provided Scope of Work (SOW) Exhibit A, certifications, and assumptions • Purchase transactions - The appraiser defines the scope of the work and will annotate in the appraisal report concerning the source of information provided. <p>VA understands that there may be insufficient data available to produce a creditable report. Appraisers are not required to accept a Desktop valuation order. In addition, the use of Assisted Appraisal Processing Program (AAPP) is not authorized for Desktop appraisals. When an appraiser believes the scope of work required to develop a credible report is not capable in a Desktop appraisal, the appraiser must contact the RLC to place the assignment on hold.</p>
Lender Considerations and Requirements	Lenders must state in both in "public" notes in WebLGY and by e-mail to the VA appraiser if they will accept a Desktop appraisal. If the lender will not accept a Desktop appraisal, the appraiser will advise the Regional Loan Center (RLC) to place the assignment on hold for 30 days and then subsequently cancel, if the status has not changed. The appraiser will annotate "public" notes in WebLGY updates on all communication between parties.

Repair Completion Inspections

In cases where the VA fee appraiser is unable to verify a Minimum Property Requirements (MPR) repair completion, the VA will permit lenders to certify completion with supporting documentation such as signed certifications by licensed professionals, invoices from contractors, or Seller/Veteran certification of repair completion with photos. **Repair certifications that involve a lead-based paint MPR defect must still be completed by VA fee appraiser.** Completion of New Construction properties must be verified by a Certificate of Occupancy issued by local building authority or authorized inspector.

Reconsideration of Value (ROV)

- **Purchase Transactions:** ROV requests for purchase transactions will be restricted to no greater than 7 percent from the appraiser's opinion of value or \$10,000, whichever is greater. The standard requirements for processing the ROV, as outlined in VA Lenders Handbook, Chapter 10 Appraisal Process (NEW), Section 22, apply. In addition, a field review by VA Regional Loan Center (RLC) staff will not be completed in conjunction with the ROV request.
- **Cash-Out Refinance Transactions:** VA will suspend ROV requests for cash-out refinance loans until further notice.

Termite Inspections

A wood inspection report is required, per VA requirements, if the property is located in an area on the Termite Infestation Probability Map where the probability of termite infestation is "very heavy" or "moderate to heavy". If a termite report is unattainable, the following options can be used:

- **Purchase Transactions:** If there is no known or visible evidence of termite infestation present, the seller and realtor must provide a certification to that fact and the Veteran must acknowledge that no inspection was completed. If there is known or visible evidence of termite infestation, a clear termite report may be required prior to closing or a certain period of time after closing at the discretion of the SAR.
- **Cash-Out Refinance Transactions:** The Veteran can provide a certification of fact if there is no known or visible evidence of termite infestation present. If there is known or visible evidence of termite infestation, a clear termite report may be required prior to closing or a certain period of time after closing at the discretion of the SAR.

Appraisal Fees

Fees for services will remain as posted at the [VA National Appraisal Fee schedule](#) for Exterior-Only appraisal with enhanced assignment conditions or a Desktop appraisal will remain the same as the Interior-Exterior appraisal report. VA may require appraisers to complete a Form 1004D appraisal update within one year of completing an Exterior-Only or Desktop appraisal under the same fee payment schedule.

Resource Links

[**VA Circular 26-20-13 Valuation Practices during COVID-19 \(Updated\)**](#)

[**VA Circular 26-20-13 Exhibit A Modified Set of Instructions, Scope of Work, Statement of Assumptions and Limiting Conditions and Certifications for Desktop Appraisals**](#)