

Thursday, April 02, 2020

Bulletin #2020-AC-017

NOTICE TO ALL CUSTOMERS

VA's Temporary Property Policies Related to COVID-19

The Department of Veterans Affairs announced **Friday, March, 27, 2020** the temporary valuation practices for VA Mortgages during COVID-19, via Circular 26-20-11 in effect until further notice.

Termite/WDO Inspections (VA Mortgages)

Purchase Transactions

- If there is no visible evidence of infestation present, the Seller and the Real Estate Agent must provide a certification to this fact and also provide a signed hold harmless statement letter to FLCBank.

Cash Out (Non-IRRRL) Refinance Transactions

- No changes to current policy and a Termite/WDO inspection report must be provided prior to loan closing.

Temporary Appraisal Valuation Procedures

VA expects appraisers to continue following the same procedures of the VA appraisal process and meet USPAP and state requirements for delivering an appraisal, but are being allowed temporarily to use an Exterior-Only appraisal or a Desktop appraisal report in limited instances.

Full Interior/Exterior Inspection on the Appraisal Report Form 1004/1073

A full URAR appraisal report is required in the following circumstances:

Purchase Transactions (Vacant Properties)

- When the appraiser assigned to complete the report is in a geographic jurisdiction that does not have restrictions imposed by authorities prohibiting individuals leaving their domicile, such as mandatory quarantine or shelter-in-place.

Purchase and Refinance Transactions (Occupied Properties)

- When the appraiser assigned to complete the report is in a geographic jurisdiction that does not have restrictions imposed by authorities prohibiting individuals leaving their domicile, such as mandatory quarantine or shelter-in-place, and all parties agree to have the appraiser perform the interior inspection of the property.

An Exterior Only Inspection Report Form 2055:

Exterior-Only Appraisal is only permitted to VA loans with loan amounts based on the 2020 VA Conforming County loan limit for 1-Unit property.

Purchase and Refinance Transactions (Occupied Properties)

- When the appraiser assigned to complete the report is in a geographic jurisdiction that does not have restrictions imposed by authorities prohibiting individuals leaving their domicile, such as mandatory quarantine or shelter-in-place, but parties to the transaction do not agree to have the appraiser perform the interior inspection of the property; the appraiser may move forward with an Exterior-Only appraisal with enhanced assignment conditions.

Purchase Transactions (Vacant or Occupied Properties)

- When the area of the assignment is restricting personal contact or when either party are in or have others that reside with them that are categorized as high risk according to the CDC.

The appraiser must perform/provide the following on the Exterior Only Inspection Report:

- The report must be completed on the FNMA 2055 Form for 1-Unit properties.
- For 2-4 Unit properties, the appraisers must use the 1004C or 1025 Form.
- The appraisers are to boldly and inconspicuously state “Per Department of Veterans Affairs, no interior inspection was provided due to COVID-19.”
- 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, the appraiser may utilize Multiple Listing Service (MLS) photos, photos provided by the occupant, Veteran, or real estate professional, and note this in the appraisal report.
- The appraiser will conduct a detailed interview over the phone with the occupant, Veteran, or real estate professional regarding the property in order to obtain sufficient information to provide a credible report and key items that may impact market value should be noted in the appraisal report with details about what was provided and by whom.
- 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 make extraordinary assumptions (EA) about the interior of the property and complete the report “AS IS” unless there are MPR requirements the appraiser observed in the review of the property.

A Desktop Appraisal Valuation Report:

A Desktop Appraisal Valuation Report is only permitted to VA with loan amounts based on the 2020 VA Conforming County loan limit for 1-Unit property.

This type of property valuation will be permitted only when the appraiser is assigned to complete the report on a property located in a geographic jurisdiction with restrictions imposed by authorities prohibiting individuals leaving their domicile, such as mandatory quarantine or shelter-in-place.

Important: When placing the order, the Loan Originator/Lenders must state in both in “public” notes in WebLGY and by e-mail to the appraiser that they will accept a Desktop appraisal.

Purchase Transactions

- The appraiser will define the scope of the work and will annotate in the Desktop appraisal report concerning the source of information provided.

Refinance Transaction

- The appraiser will prioritize assignments based on purchase transactions first and determine if sufficient information is publicly available and verifiable. The appraiser is not required to proceed on the assignment if information is not available to provide a credible report and the Loan Originator/Lender may choose to cancel the request or have the RLC suspend the assignment until the national emergency is lifted and a more detailed report can be produced.

This report must be completed on the FNMA 1004, 1073, 1004C, 2025 and the appraiser will be required to attach a copy of the provided Scope of Work (SOW) Exhibit A, certifications, and assumptions in all reports (link to modified language below). The appraiser is to boldly and inconspicuously state “Per Department of Veterans Affairs, no interior inspection was provided due to COVID-19”.

In either case, the appraiser must note on page 1 of the Uniform Residential Appraisal Report (URAR), Subject section, “Map Reference” that the report is either “Exterior-Only” or “Desktop” and follow the requirements in Circular 26-20-11.

Resources: [VA Circular 26-20-11](#) , [Circular's Exhibit A- Modified Statement of Assumptions](#)