

Wednesday, November 16, 2022

Bulletin #2022-R-014

NOTICE TO RETAIL LOAN ORIGINATORS

VA Alternative Valuation Methods – Circular 26-22-13

The Department of Veterans Affairs announced via Circular 26-22-13 and Attached Exhibits A and B the new procedures for allowing alternative valuation methods in response to the high demand for appraisals and limited availability of appraisers in certain local markets.

Loan Originators/Lenders must refer to Exhibit A for specific information related to the appraisal assignment waterfall to be followed. With this announcement, FLCBank accepts VA alternative valuation methods which are summarized in the table below

Loan Purpose	Appraisal Required	Down Payment	Acceptable Appraisal Types
Purchase Transaction	Yes	20%	<ul style="list-style-type: none">• Full URAR Appraisal 1004,• Exterior-only Appraisals, or Desktop Appraisals are acceptable if all of the following is true:<ul style="list-style-type: none">▪ Down payment of 20% or more▪ The appraisal must be ordered under the Lender Appraisal Processing Program (LAPP)▪ Purchase price does not exceed the conforming loan limit for the property jurisdiction▪ The property is a 1-unit SFR home that is not:<ul style="list-style-type: none">- A manufactured home or condominium- Located on a leasehold estate- Undergoing renovation
Purchase Transaction	Yes	None or less than 20%	<ul style="list-style-type: none">• Full URAR Appraisal 1004.• If the VA Case remains unassigned in the VA system for more than 7 business days, and all of the following is true, the Loan Originator/Lender may also opt for an Exterior-only Appraisals, or Desktop Appraisals:<ul style="list-style-type: none">▪ Down payment of 20% or more▪ The appraisal must be ordered under the Lender Appraisal Processing Program (LAPP)▪ Purchase price does not exceed the conforming loan limit for the property jurisdiction▪ The property is a 1-unit SFR home that is not:<ul style="list-style-type: none">- A manufactured home or condominium- Located on a leasehold estate- Undergoing renovation
Cash Out Refinance	Yes	NA	<ul style="list-style-type: none">• Full URAR Appraisal 1004

Important: Please continue to refer to Chapter 11 of the Lenders Handbook – VA Pamphlet 26-7 for VA guidelines and information regarding the appraisal report.

Note: FLCBank must underwrite the VA loan utilizing an alternative valuation

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