

**EFFECTIVE IMMEDIATELY:**

The VA has all come out with temporary guidance for addressing property appraisal/inspection requirements during the Covid-19 crisis. Detailed below are the inspection requirements as well as the specifics for each type of inspection.

**VA Appraisal Flexibility**

Effective immediately and until further notice, Appraisals may be in a form of an Exterior-Only inspection or Desktop Appraisal except for:

- Purchase Transaction (vacant property)- When the appraiser's assigned geographic jurisdiction does not have restrictions imposed by authorities prohibiting individuals leaving their domicile, such as mandatory quarantine or shelter-in-place.
- Purchase or Refinance Transaction (property occupied)- When the appraiser's assigned geographic jurisdiction does not have restrictions imposed by authorities prohibiting individuals leaving their domicile, such as mandatory quarantine or shelter-in-place. In addition, all parties must agree to the interior inspection and meet the following:
  - Either party has not been instructed by health authorities to stay home or practice social distancing; or
  - Does not have symptoms such as fever, cough, or shortness of breath; or
  - Has not been quarantined under direction of public health authorities; and
  - No parties are within the CDC guidance of high risk found

If either party does not wish to move forward with the interior inspection, the appraiser may move forward with an Exterior-Only appraisal with enhanced assignment conditions. theLender and or broker may not direct an appraiser to conduct an interior inspection.

**Exterior-Only Appraisal**

This report option with enhanced assignment conditions will be completed on the FNMA 2055/1075 URAR form. For manufactured homes and multi-unit (2-to-4 unit) properties, appraisers will use the 1004C or 1025 form. Appraisers are to boldly and inconspicuously state "Per Department of Veterans Affairs, no interior inspection was provided due to COVID-19." Exterior-Only Appraisal with enhanced assignment conditions will be limited to the maximum 2020 Freddie Mac Conforming Loan Limit for a one-unit limit for the county or county-equivalent area.

- Purchase or Refinance transactions. When an area may be 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 make every effort to complete the enhanced assignment conditions as required in Circular 26-20-11 dated March 27, 2020.

**Desktop-Only Appraisal Valuations**

This report option will 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. Appraisers are to boldly and inconspicuously state "Per Department of Veterans Affairs, no interior inspection was provided due to COVID-19".

- Purchase transactions. The appraiser defines the scope of the work and will annotate in the appraisal report concerning the source of information provided.
- Cash-Out Refinance Transactions. The appraiser will prioritize assignments based on purchase transactions first and determine if sufficient information is publicly available and verifiable. Appraisers are not required to proceed on the assignment if information is not available to provide a credible report. In the event the appraiser is not able to complete the assignment, the 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.

**Suspensions**

- VA will suspend Reconsideration of Values (ROV) requests for cash-out refinance loan until further notice.
- Appraisers are to suspend any renovation and repair assignments until further notice.

**Repair Inspections**

Due to the lack of verification of completion by the appraiser or inspector that repairs items have been completed, lenders have one of two options available:

- Lenders have the authority and are encouraged to certify repairs, especially repairs performed by licensed personnel as outlined in the VA Pamphlet 26-7, Chapter 10 Appraisal Process (NEW), Section 23, Topic b.
- Repair certifications which involve lead-based paint must still be completed by a fee appraiser.

**Termite Inspections**

VA Pamphlet 26-7, chapter 12 Minimum Property Requirements (NEW), Section 33, Topic b, requires a wood inspection report 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 there is no known or visible evidence of termite infestation present, the seller and realtor must provide a certification to that fact.