

# WHOLESALE BULLETIN

IMPORTANT INFORMATION: PLEASE READ IMMEDIATELY

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[Bolt Training](#)

[Wholesale Website](#)

[Previous Bulletins](#)

## 20W-052

Attention: AEs, Business Development Managers & Mortgage Brokers

April 17, 2020

Please take a moment to read the important information contained in this bulletin.

Included in this Bulletin: **VA Loans - Temporary Appraisal Guidelines - UPDATED**

The purpose of this bulletin is to inform originators and business partners of temporary flexibilities pertaining to appraisals and repair inspections for the Veterans Administration Home Loan Program due to the COVID-19 pandemic.

### VA

Excerpts from VA Circular 26-20-13 ([see complete circular for details](#))

Effective April 10, 2020 until further notice

VA Circular 26-20-11 is rescinded\*

Mortgage Purpose	Property Status	Permissible appraisals
Purchase Transaction	Vacant	<b>Interior and Exterior Appraisal:</b> The appraiser will continue to gain access to view the interior property for a Purchase Transaction (vacant property). The interior inspection is allowed, when the appraiser poses no harm to themselves or others.
Purchase or Refinance Transactions	Property Occupied	<b>Exterior-Only Appraisal:</b> The appraiser is to provide an Exterior Only appraisal with enhanced assignment conditions when the appraiser's assigned geographic jurisdiction does not have restrictions imposed by authorities prohibiting individuals leaving their domicile, such as mandatory quarantine. Exterior-Only Appraisal with enhanced assignment conditions will be limited to one and a half times the maximum 2020 Freddie Mac Conforming Loan Limit (CLL) for a one-unit limit for the county or county-equivalent area.
Purchase or Refinance Transactions	Property Occupied	<b>Desktop Appraisal:</b> Desktop appraisals will only be conducted when the appraiser's assigned geographic jurisdiction has restrictions imposed by authorities prohibiting individuals leaving their domicile, such as <b>mandatory quarantine</b>

**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 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.

**Desktop 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). Appraisers are to boldly and inconspicuously state “**Per Department of Veterans Affairs, no interior inspection was provided due to COVID-19”**”. Desktop valuations will be limited to the maximum 2020 Freddie Mac Conforming Loan Limit for a one-unit limit for the county or county-equivalent area.

**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 assignment suspended until the national emergency is lifted and a more detailed report can be produced.

**Repair Inspections.** Due to the lack of verification of completion by the appraiser or inspector that repair items have been completed, lenders have one of the two following options to supply to VA:

- a. Lenders have the authority and are encouraged to certify repairs, especially repairs performed by licensed personnel, instead of an appraiser certification as outlined in the VA Handbook, Chapter 10.
- b. Repair certifications which may involve lead-based paint must still be completed by a fee appraiser; however, the lender can escrow for future inspection and costs with a third-party. Lenders may hold funds in escrow for repairs to be completed after closing.

All repairs must be completed and escrowed funds distributed before the loan may be guaranteed by VA. In addition, there must be adequate assurance that the work will be completed timely and satisfactorily (up to 180 days).

**Termite Inspections.** A wood inspection report is required 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”.

**a. 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. VA recommends the Veteran to complete an inspection once the national emergency has ended. If there is known or visible evidence of termite infestation, a clear termite report must be provided within one year of close of escrow.

**b. Cash-Out Refinance Transactions:** The Veteran can provide a certificate 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 must be provided within one year of close of escrow.

We hope this guidance will help you to navigate the loan process during this volatile time.

**Author: Underwriting**