



WHOLESALE BULLETIN

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22W-074

Attention: Valued Broker Partners

August 08, 2022

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

Included in this Bulletin: VA Alternative Valuation Methods

In this bulletin we will discuss VA's acceptable alternative valuation methods. Below is VA's procedure for their Appraisal Assignment Waterfall. This is being introduced due to high demand for appraisal services and limited availability of approved appraisers in certain local market areas.

Interior Appraisal: This appraisal type is acceptable for all VA-guaranteed mortgage transactions. It may be completed **with or without** the assistance of a VA fee appraiser's designee under the Assisted Appraisal Processing Program (AAPP).

Exterior-only Appraisal and Desktop Appraisal: These appraisal types are acceptable for the following VA-guaranteed **purchase** transactions where **all** of the following are true:

- The lender is approved to participate in the Lender Appraisal Processing Program (LAPP).
- Purchase price does not exceed the current calendar year conforming loan limit for the property jurisdiction.
- The dwelling is a single family (1-unit) home that is **not** a manufactured home or condominium, **not** located on a leasehold estate, and **not** undergoing renovation.
- One or both of the following: The veteran is making a down payment of at least 20% of the purchase price; **or** More than 7 business days have elapsed since the lender requested an appraisal and the case remains unassigned in VA's system.

Assigned Cases: Lenders interested in utilizing an Exterior-only Appraisal or Desktop Appraisal should work with the VA fee panel appraiser assigned to the case and, if desired, the Veteran to make appropriate arrangements. VA's willingness to accept appraisal reports completed via Exterior-only Appraisals and Desktop Appraisals is not a substitute for an assessment by a VA fee panel appraiser as to the appropriate Scope of Work and whether a credible report may be delivered for the subject property using these methods.

Unassigned Cases: In the case of appraisal requests for purchase transactions that remain unassigned for more than 7 business days, lenders may alert VA of their desire to proceed with an Exterior-only Appraisal and/or Desktop Appraisal **by sending an email to cvvaluestream.vbaspt@va.gov** with the subject line "Waterfall ##-##-#-##### [insert VA loan number]" and include the appraisal type(s) the

lender is willing to accept from a VA fee panel appraiser (i.e., Desktop and/or Exterior-only). This will ensure that VA C&V Value Stream staff can maximize search criteria in attempting to locate a VA fee panel appraiser with knowledge of the subject property's market area and place the request with a qualified appraiser. A licensed or certified appraiser will conduct appraisals in the state of the assignment and have access to the necessary data and Multiple Listing Service (MLS) to provide a credible report.

In the event a VA fee panel appraiser accepts an assignment but later determines that a credible report cannot be provided via a Desktop Appraisal, the appraiser may complete the report via an Exterior-only Appraisal. The appraiser may return the assignment to VA **within 2 business days** if the appraiser is unable to perform the assignment. VA C&V Value Stream staff will notify the lender and continue working to locate a VA fee panel appraiser to complete the assignment.

In the event a VA fee panel appraiser accepts an assignment but later determines that a credible report cannot be provided via an Exterior-only Appraisal, the appraiser may return the assignment to VA **within 2 business days** if the appraiser is unable to perform the assignment. VA C&V Value Stream staff will notify the lender and continue working to locate a VA fee panel appraiser to complete the assignment.

Appraisal Report: When completing the appraisal report for an Exterior-only Appraisal or Desktop Appraisal, state the use of an EA in the Reconciliation Section of the appraisal report. In addition to stating the EA, explain in detail how, what, and from who, information regarding the exterior and interior of the property was obtained. The use of third-party platforms that assist an appraiser in gathering information about the subject property are accepted by VA and their use is encouraged by VA when available.

Refer to *Chapter 11 of the Lenders Handbook, VA Pamphlet 26-7, and Exhibit B of this Circular 26-22-13* for additional information on the appraisal report.

Note: The use of third-party platforms to gather information about the subject property is more likely to be necessary when completing an appraisal report via an Exterior-only Appraisal or Desktop Appraisal. This may result in additional fees. The veteran may be charged the actual cost of any fees associated with the use of a third-party platform to complete an appraisal report via an Exterior-only Appraisal or Desktop Appraisal.

If you have any questions, contact your local Account Executive, Production Coordinator, Regional Vice President, or Brian Daily, SVP Wholesale: Brian.Daily@mwfinc.com, 909-255-8332.

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