

Valuation Practices during COVID-19 (Updated)

1. Purpose. The purpose of this Circular is to provide further clarification on the effective date of the temporary guidance and additional information for valuation during a National Emergency.

2. Therefore, Circular 26-20-13 is changed as follows:

Page 1, Section 3. Remove the paragraph and replace with “The policies outlined in the Circular are effective for all loans closed on, or after March 13, 2020, and until further notice or the rescission of this Circular.”

Page 2, Section 6. Remove the following sentence “The lender should not request an Exterior-Only appraisal if the loan amount will be more than one and a half times the maximum 2020 CCL limit” and replace with, “The lender should not request an Exterior-Only appraisal if the financed loan amount (i.e. unpaid principal loan amount) will be more than one and a half times the maximum 2020 CCL limit.”

Page 3, Section 7.a. Remove the following sentence, “The lender should not request a Desktop Appraisal if the loan amount will be more than the maximum 2020 CCL limit” and replace with “The lender should not request a Desktop Appraisal if the financed loan amount (i.e. unpaid principal loan amount) will be more than the maximum 2020 CCL limit.”

Page 5, Section 11. Add: “d. Water System Acceptability. Well water testing for refinance transactions where the home is already encumbered by a VA loan will be waived. In areas where testing is suspended due to COVID-19, the Veteran will need to sign an acknowledgement stating they are aware that testing cannot be done for purchase and refinance transactions where the home is not already encumbered by a VA-guaranteed loan. The lender is responsible to have a test completed within 180 days. Prior to loan closing, the Veteran must acknowledge they accept responsibility to install a filtration system at their own cost to correct the issue should the water test fail. VA staff and/or the Staff Appraisal Reviewer (SAR) must annotate the Veteran acknowledgement and 180-day requirement in NOV Condition #16, Other Conditions, on the NOV.”

4. Rescission: This Circular is automatically rescinded April 1, 2021.

By Direction of the Under Secretary for Benefits

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Director
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