

**EFFECTIVE IMMEDIATELY:**

FHA 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.

**FHA Appraisal Flexibility**

Effective immediately and for appraisal inspections completed on or before May 17, 2020,

- Purchase and rate/term full doc refinances may utilize either the exterior-only or desktop-only appraisal report
- Cash-out refinances still require a full interior and exterior inspection

**Exterior-Only Appraisal**

The required protocols and exhibits under the Exterior-Only Option are:

- Appraiser will observe the Property and Improvements from the street.
- The Appraisal will be completed “as is” unless Minimum Property Requirements (MPR) related deficiencies are observed from the street or otherwise known.
- The Appraiser may utilize extraordinary assumptions when necessary.
- No sketch, interior photos or rear exterior photographs are required.

**Desktop-Only Appraisal Valuations**

- The required protocols and exhibits under the Desktop-Only Option are:
- Appraiser will not physically observe the Property and Improvements.
- The Appraisal will be completed “as is” unless MPR related deficiencies are known.
- The Appraiser may utilize extraordinary assumptions when necessary.
- No Sketch, interior photos, exterior photographs are required.
- No comparable viewing nor photos are required.

**Appraisal Forms and Amended Certifications**

The optional Exterior-Only and Desktop-Only appraisals must be reported on the existing Acceptable Appraisal Reporting Forms by Property and Assignment Type. These forms will require amended certifications and clear scope of work disclosures. Mortgagees are reminded that Exterior Appraisal forms Fannie Mae 2055 and Fannie Mae 1075 are not FHA approved forms and are not compatible with FHA’s Electronic Appraisal Delivery (EAD) portal. The appraisal report must include a signed certification indicating whether the Appraiser did or did not personally inspect the subject property and the extent of the inspection. FHA has provided model certifications for the Exterior-Only and Desktop-Only scope of work.

**Form 1004D Part B Completion Report**

When an Appraisal Update and/or Completion Report (Form 1004D) Part B is required to evidence the completion of required repairs, FHA will permit a letter signed by the borrower affirming that the work was completed with further evidence of completion, which may include photographs of the completed work, paid invoices indicating completion, occupancy permits, or other substantially similar documentation. All completion documentation must be retained in the case binder.