



Age of Appraisals and Appraisal Updates

Home Savings Direct, Conforming Fixed and LIBOR ARM, and all related overlays

(1004D now accepted)

If the original appraisal report will be more than 90 days old at Note date, but less than 120 days, either a new appraisal or a Form 1004D (part A) is required. If a Form 1004D is being used, it must include:

- A determination on whether or not the property value has declined
- **Note:** If the appraiser determines that the value has declined, a new appraisal is required and the loan must be re-underwritten using the new value.
- An indication there has been an exterior inspection of the property
- Comments on any market changes

If an appraiser other than the original appraiser completes the re-inspection:

- The file must contain documentation specifying the reason why the original appraiser was not used
- The substitute appraiser must review the original appraisal and comment on whether the original appraiser's opinion on market value was reasonable on the date of the original report.

Property Inspection Report (Form 2075): If the report will be more than 90 days old from the Note date, but less than 120 days old, the appraiser must re-inspect the property and prepare a new Property Inspection Report [Form 2075)

Note:

- If the original appraisal/2075 is more than 120 days old, a new appraisal is required.
- The 1004D/updated 2075 is valid for 90 days.

Property Inspection Waiver (PIW) is valid for 120 days. If the PIW will be more than 120 days old at the Note date, re-run DU to confirm the waiver is still valid.

FHA (1004D now accepted)

Conditional Commitments are valid for 120 days, on all appraisals including existing or proposed construction.

Extensions without a 1004D

If an extension is required on a purchase transaction, the sales contract must have been executed prior to the expiration date of the appraisal. If an extension is required on a refinance transaction, the underwriter may extend the appraisal for an additional 30 days as long as the appraisal is not expired at the time the underwriter issues the approval.

Extensions with a 1004D

Form 1004D, Part A, Appraisal Update Report may be used to extend the validity period for the original appraisal report, in lieu of ordering a new appraisal report, when the following conditions are met:

- The Update Report may not be used if the property value has declined.
- The Appraisal Update Report may only be used one time to extend the validity period of the original appraisal report.
- The Appraisal Update Report must be ordered and performed prior to the expiration date of the original appraisal report.
- The FHA appraiser who performed the original appraisal must perform the appraisal update and the appraiser must be in good standing with FHA at the time the Appraisal Update is performed.

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- The appraiser must provide an updated Market Conditions Addendum, Fannie Mae 1004MC, to update their research and analysis of the current market data to validate the subject property has not declined in value. The appraiser must certify there has been no decline in value on the Update Report form.
- The appraiser must be able to observe from the street or a public way the subject property's improvements that contribute value to the property.
- An exterior inspection of the property must not indicate any significant changes or deficiencies that were not observed at the time of the original appraisal report's effective date.
- If the original appraisal report was transferred to a new lender, the appraiser must attach the original appraisal report to the Appraisal Update Report instead of referencing the report. This is a USPAP requirement.
- The appraiser must provide new photos of the subject property from the street and photos from as many angles visible from a public way.
- The loan must close within 240 days of the effective date of the original appraisal report. The 30-day extension is not permitted

USDA (1004D now accepted)

If the appraisal report will be more than 120 days old at closing, a re-inspection by the appraiser is required. The appraiser must use the Appraisal Update and/or Completion Report (Form 1004D or 442) which must include all of the following:

- A determination on whether or not the property value has declined
- That there has been, at minimum, an exterior inspection of the property
- Notes on any market changes

If the appraiser determines that the value has declined, a new appraisal and loan must be re-underwritten using the new value. The appraisal update may be dated after the 120 day appraisal expiration date.

Note: The original appraisal cannot exceed 6 months, even if a recertification is completed.

VA (no change)

The NOV for property appraised as existing, new, proposed, or under construction is valid for six months

Questions

Contact your Community banker

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