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AAFMAA Mortgage Services LLC

Your VA Mortgage Appraisal

What You Need To Know



AAFMAA Mortgage Services

Our Mission: to be the premier provider of Mortgage Services to the American Armed Forces community.





AAFMAA Mortgage Services

Focusing exclusively on the needs of the military family, we work to provide innovative, personalized, and lifestyle appropriate mortgage services.

AMS only employs state-licensed loan officers and any advice or service we offer is always done in the best interest of our member.





Agenda

- Information Regarding A VA Loan
- Definition and Intended Use of An Appraisal
- Minimum Property Requirements (MPR)
- Most Common Problems
- Selection of a VA Appraiser
- Purchasing Your New Home
- Disclaimer

Disclaimer: This presentation is for information purposes only and is not an offer. Mortgage consumers must apply and qualify. Equal Housing Opportunity. NMLS #1423968. States AMS is licensed: 15 states – complete list and disclosures may be found at www.aafmaa.com/mortgage. 844-422-3662. 639 Executive Place, Suite 203, Fayetteville, NC 28305.





Information Regarding a VA Loan

- **VA loans** were first offered in 1944 as a provision of the GI Bill of Rights. The purpose was to provide veterans with a **mortgage loan** that guaranteed by the federal government with **no down payment**.
- There is **no maximum loan amount** for a VA loan, however, there is a **maximum limit of guarantee to the lender**.
- **Eligible properties** must meet the VA minimum property requirements (MPR), which are property requirements for properties qualifying for a VA loan guarantee.
- **Entitlement benefits** may be re-used.
- Some services for a **purchase transaction**, such as a termite or wood destroying insect inspection, must be **paid for by the seller**.
- In most cases, the **individual lender approves the VA loans**, however there are some loans that must be underwritten and approved directly by the VA.



Definition and Intended Use of an Appraisal

Real Estate Appraisal

As defined within the Uniform Standards Of Professional Appraisal Practice (USPAP), an appraisal is the act or process of developing an opinion of value. The valuation process is a systematic procedure the appraiser follows to answer a client's question about real property.

The Intended Use of an Appraisal

An appraisal may be requested or required for various reasons. The most common are listed below.

- To facilitate the transfer of ownership or real property.
- To assist the underwriter in establishing a value of security for a mortgage.



Minimum Property Requirements (MPR)

Properties most likely not to MPRs

- Properties in a badly deteriorated condition, unless the VA agrees there is a reasonable likelihood that it can be repaired to meet the VA minimum property requirements prior to closing.
- A home located in a special flood hazard area with the elevation of the lowest floor below the 100-year flood level, or flood insurance is not available, or the home is located in an area that is subject to regular flooding.
- A coastal barrier resources system area.
- An airport Noise Zone 3, if proposed or under construction. A property previously occupied may be financed.
- A transmission line easement involving high-pressure gas, liquid, petroleum, or a high-voltage electricity, if any part of the residential structure is located within the easement.
- An area susceptible to geological or soil instability (earthquakes, landslides, or other history of unstable soils).
- A condominium project must be acceptable to the VA.
- Properties involving less than fee simple ownership (e.g., leaseholds, cooperatives, ground rental arrangements or projects) are not eligible for financing without prior approval of specific legal arrangements or projects.



Most Common Problems

The most common problems that occur during a purchase of a residential property with VA financing:

1. Peeling, cracking, chipping, or loose paint on the interior or exterior of the residential property built prior to 1978. (The appraiser must assume that Lead Based Paint was used)
2. Swimming pools unless enclosed by a fence and all doors leading to the enclosed area have door alarms. This item can be waived under certain circumstances.
3. A water source is a cistern for a residential property.
4. The purchase of the property is not going to be the primary residence of the owner.
5. If the property has a well, a water test must be performed to ensure that there is not traces of bacteria found. If traces of bacteria are found the well must be treated before closing and a new water test must be performed.



Selection of a VA Appraiser

- Most approved VA lenders utilize the Lender Appraisal Processing Program (LAPP)
- The selection of the VA appraiser is determined when ordering the appraisal through the VA website.
- At the time of ordering the appraisal, the contact information of the appraiser is provided to lender.
- The appraiser must be a VA approved appraiser and the appraisal cannot be ordered by the buyer or seller of the property.
- The appraiser cannot have any conflict of interest with the property being appraised.



Purchasing Your New Home

Below are a few suggestions to consider before purchasing your new home:

1. Obtain a home inspection by a licensed home inspector.
2. When viewing a potential purchase place close attention on the location of the property, the condition of the property, and whether or not the home has a well.
3. If purchasing a condominium use the following site to ensure that the complex is approved by the VA:
<https://vip.vba.va.gov/portal/VBAH/VBAHome/condopudsearch>
4. If you have a concern about a particular issue ask your AAFMAA Mortgage Services licensed loan officer.



Disclaimer

- This should be used for educational purposes only and does not contain all of the requirements for obtaining a VA mortgage or all of the minimum property requirements issued by the VA.
- AAFMAA Mortgage Services LLC is an Equal Housing Lender and is a VA approved lender not acting on behalf, in direction of, endorsed or sponsored by the Veteran's Affairs or any other government agency.
- Licensed Lender in Alabama 22416, Colorado, Connecticut ML-1423968, Florida MLD1376, Indiana 34842, Kansas MC.0025489, Kentucky MC401802, North Carolina L-167411, Oklahoma ML011430, Pennsylvania 61781, Lender and Broker in Rhode Island 17050098480, Tennessee 135339, Lender and Broker in Virginia MC-6685

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Questions?



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Thank You!



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