

Appraisal Expiration Cheat Sheet

FHA

The FHA appraisal validity period is 120 days.

The 120 day validity period for an appraisal may be extended for 30 days at the option of the mortgagee if :

- (1) the mortgagee approved the borrower or HUD issued the Firm Commitment before the expiration of the original appraisal; or
- (2) the borrower signed a valid sales contract prior to the expiration date of the appraisal.

An appraisal update must be performed before the initial appraisal, with no extension, has expired. Where the initial appraisal is subsequently updated, the updated appraisal is valid for a period of 240 days after the effective date of the initial appraisal report that is being updated.

Appraisers may perform an update of a previously completed appraisal using the Fannie Mae Form 1004D/Freddie Mac Form 442/March 2005 when requested by the Mortgagee.

The Appraiser must adhere to the Scope of Work and Appraiser's Certification listed on the form, which includes an exterior inspection of the subject Property from, at least, the street; and research, analyze and verify current market data to determine whether the Property has or has not declined in value since the effective date of the appraisal report being updated. If the Appraiser concurs with the original appraisal report and determines that the value has not declined, the Appraiser must indicate this on the form, provide any necessary comments, and provide a photo of the front of the subject Property taken from the public street. If the Appraiser does not concur with the original data report or the Property Value has declined, the Appraiser must indicate this on the form and a photo is not required



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VA

Appraisals are good for six months for existing construction, and automatically considered to be expired if the loan closes. A borrower cannot reuse the same appraisal once the loan has closed. Once expired, a new appraisal must be obtained. There are no extension procedures.

USDA

Lenders may extend the validity period of an appraisal with an appraisal update report that will be no greater than 240 days from the effective date of the initial appraisal report at loan closing (150 days for the original appraisal plus 90 days for the Appraisal Update Report). An original appraisal report can be updated one time with an Appraisal Update Report. The appraisal may be expired at the time the appraisal update is requested. The purpose of an appraisal update request is to determine if the property has declined in value since the effective date of the original appraisal. An update is not eligible to support a higher appraised value of the property.

Fannie Mae Form 1004D/Freddie Mac Form 442, "Appraisal Update and/or Completion Report" is to be used to extend the validity period.



Fannie Mae

When an appraisal is obtained, the property must be appraised within the 12 months that precede the date of the note and mortgage.

When an appraisal report will be more than four months old on the date of the note and mortgage, regardless of whether the property was appraised as proposed or existing construction, the appraiser must inspect the exterior of the property and review current market data to determine whether the property has declined in value since the date of the original appraisal. This inspection and results of the analysis must be reported on the *Appraisal Update and/or Completion Report* ([Form 1004D](#)).

If the appraiser indicates on the Form 1004D that the property value has declined, then the lender must obtain a new appraisal for the property.

If the appraiser indicates on the Form 1004D that the property value has *not* declined, then the lender may proceed with the loan in process without requiring any additional fieldwork.

Note: The appraisal update must occur within the four months that precede the date of the note and mortgage.

The original appraiser should complete the appraisal update; however, lenders may use substitute appraisers. When updates are completed by substitute appraisers, the substitute appraiser must review the original appraisal and express an opinion about whether the original appraiser's opinion of market value was reasonable on the date of the original appraisal report. The lender must note in the file why the original appraiser was not used.

Use of an Appraisal for a Subsequent Transaction

Fannie Mae will allow the use of an origination appraisal for a subsequent transaction if the following requirements are met:

The subsequent transaction may only be a Limited Cash-Out Refinance.

The appraisal report must not be more than 12 months old on the note date of the subsequent transaction. If the appraisal report is greater than 4 months old on the date of the note and mortgage, then an appraisal update is required. See preceding section, Age of Appraisal and Appraisal Update Requirements, for requirements for completing an appraisal update.

The lender must ensure that the property has not undergone any significant remodeling, renovation, or deterioration to the extent that the improvement or deterioration of the property would materially affect the market value of the subject property.

The borrower and the lender/client must be the same on the original and subsequent transaction.

Freddie Mac

If the effective date of the appraisal report is more than 120 days, but not more than 12 months before the Note Date, an appraisal update is required. The effective date of an appraisal update must be no more than 120 days before the Note Date. For the purpose of Section 5601.8(a), the Note Date is equivalent to the Effective Date of Permanent Financing when the Mortgage is sold to Freddie Mac as a Construction Conversion or Renovation Mortgage.

If the effective date of the appraisal report is more than 12 months before the Note Date, a new appraisal with an interior and exterior inspection is required

Appraisal update reporting requirements Appraisal updates must be reported on [Form 442, Appraisal Update and/or Completion Report](#).

If the update indicates that the value of the subject property has not declined, a new appraisal is not required

If the update indicates that the value of the subject property has declined, the Seller must obtain a new appraisal, based on either:

An exterior-only inspection reported on the appropriate Freddie Mac form for the property type ([Form 2055](#) or [466](#), as applicable), or

An interior and exterior inspection reported on the appropriate Freddie Mac form for the property type ([Form 70](#), [70B](#), [72](#) or [465](#), as applicable)

The original appraiser should perform the appraisal update. If the original appraiser is not available to perform the update, another appraiser may be used. Freddie Mac will accept an appraisal update performed by an unlicensed or trainee (or similar classification) appraiser if a supervisory appraiser signs the appraisal update.