VA Lenders Handbook (VA Pamphlet 26-7), Chapter 12, Topic 24 — Leased Mechanical Systems and Equipment

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24. Leased Mechanical Systems and Equipment Change Date March 28, 2019 • This chapter has been revised in its entirety. a. No Value to Leased Equipment The appraiser must not include the value of any leased mechanical systems or any other leased equipment in the estimated market value as leased items are not suitable security for a loan. This includes, but is not limited to, fuel or propane storage tanks, solar or wind systems (including power purchase agreements), and other alternative energy equipment. b. Leased Equipment to be Noted in the Appraisal The appraiser must identify leased items in the appraisal report. Some leases may encumber the title making the property less than fee simple. The appraiser must consider any detrimental effect on the value of the property if the leased items are removed by the lessor. VA Pamphlet 26-7, Revised Chapter 12: Minimum Property Requirements 12-32

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