Lender Instructions When Determining Value for IRRRLs

According to The Protecting Veterans from Predatory Lending Act of 2018, a loan-to-value determination must be made when discount points are charged. When discount points are not charged, a value determination is not required. These appraisals will not be ordered through WebLGY or the VA Fee Panel. Lenders should use their appraisal management and assignment process to complete a value determination.

Acceptable forms of appraisal reports are:
1. Exterior-Only Inspection Residential Appraisal Report (Fannie Mae 2055)
2. Uniform Residential Appraisal Report (Fannie Mae 1004)
3. Exterior-Only Inspection Individual Condominium Unit Appraisal Report (Fannie Mae 1075)
4. Individual Condominium Unit Appraisal Report (Fannie Mae 1073)
5. Other industry accepted appraisal reports for manufactured and multi-unit homes

If lenders require the Veteran to pay for the cost of the appraisal, the cost must be included as part of the recoupment cost. The Veteran may only be charged a reasonable and customary amount, and only charged for one appraisal.

Loan-to-value is calculated by dividing the VA base loan amount (excluding the funding fee, if any) by the value determined in one of the methods listed above.

After obtaining the VA Loan Identification Number (LIN), lenders have the ability to upload the appraisal report in WebLGY. If the appraisal is not uploaded prior to loan guaranty, lenders must upload it to the correspondence link of the VA LIN in WebLGY.

Lenders must pay close attention at the time of guaranty to WebLGY messages. Loans that do not meet the requirements of The Protecting Veterans from Predatory Lending Act of 2018, will not be eligible for guaranty. WebLGY will prevent guaranty of loans that do not meet recoupment, net tangible benefit, and loan seasoning requirements. VA will be performing file audits to ensure that lenders are complying with the new law.