VA Lenders Handbook (VA Pamphlet 26-7), Chapter 10, Topic 13 — Proposed Construction Appraisal from a Model Home

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> 13. Proposed Construction Appraisal from a Model Home Change Date March 11, 2019 • This chapter has been revised in its entirety. a. Notification to Appraiser When ordering the appraisal, the lender must enter the full legal description of the subject property in the legal description block on the appraisal request form in WebLGY followed by "APPRAISAL FROM MODEL HOME." This will alert the fee appraiser of the procedure to be followed. b. Model Home Requirements The model home must be: • fully completed, • the same plan type as the subject home (reversed plans are acceptable), • located in the same market area, and • readily accessible to the assigned fee appraiser. c. Contact Information for Model Home Access Contact information for the sales office or an individual who can provide the appraiser with access to the interior of the model home must be provided on the appraisal request. d. Differences between Subject and Model Home The appraiser must be provided with information concerning any differences in customer preference items, upgrades, or additional features between the model home and the subject property. e. Statement on the Appraisal In the "Comments" section at the bottom of page 1 of Fannie Mae Form 1004, Uniform Residential Appraisal Report (URAR), the fee appraiser must insert the following statement: "Appraisal from Model Home. Value has been based on an inspection of a model home of the same plan type as the subject. Construction to be completed according to contract dated__________." Continued on next page VA Pamphlet 26-7, Revised Chapter 10: Appraisal Process 10-24 13. Proposed Construction Appraisal from a Model Home, continued f. NOV Requirements When issuing the NOV, the SAR must: • issue the NOV under the guidelines for proposed construction (since the model home was used to illustrate the property instead of plans), and • place the following condition in item 16 of the NOV: "Appraisal from Model Home. Construction to be completed according to contract dated__________. Appraiser is to be contacted for Final Inspection and to provide a statement verifying satisfactory completion." VA Pamphlet 26-7, Revised Chapter 10: Appraisal Process 10-25

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