

VA Lenders Handbook (VA Pamphlet 26-7), Chapter 10, Topic 16 — Warranty Requirements for Proposed Construction

Register va-m26-7-ch10-t16

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16. Warranty Requirements for Proposed Construction Change Date March 11, 2019 • This chapter has been revised in its entirety. a. Construction Warranty On a proposed construction property, the Veteran must be provided with a construction warranty. b. Warranty Requirements Warranty requirements will be determined by whether or not the local building authority performs construction inspections: • If the local authority performs foundation, framing and final inspections, VA will accept the certificate of occupancy as evidence of local authority inspections and satisfactory completion of construction in compliance with local building code requirements. If the local authority does not issue a certificate of occupancy, copies of the three satisfactory inspection reports or a written statement from the local authority confirming the three inspections were completed and that the construction was found to be satisfactory will be acceptable. The builder must provide the Veteran with a 1-year warranty on VA Form 26-1859, Warranty of Completion of Construction. VA assistance with construction complaints will be limited to defects in equipment, material, and workmanship reported during the required 1-year VA builder's warranty period. • If the local authority does not provide construction inspections, the builder must provide both a 1-year builder's warranty on VA Form 26- 1859, Warranty of Completion of Construction and a 10-year insurance backed warranty. The lender must certify that the property is complete (both on-site and off-site improvements), and that it meets VA MPRs for existing construction (see Chapter 12 of this Handbook). VA assistance with construction complaints will be limited to defects in equipment, material, and workmanship reported during the required 1-year VA builder's warranty period. VA Pamphlet 26-7, Revised Chapter 10: Appraisal Process 10-28

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