VA Lenders Handbook (VA Pamphlet 26-7), Chapter 10, Topic 20 — New Construction Sold by the Lender

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> 20. New Construction Sold by the Lender Change Date March 11, 2019 • This chapter has been revised in its entirety. a. Appraisal Request If a lender acquires title to a newly constructed home due to a builder's bankruptcy or cessation of business, the lender must order the appraisal as follows: • As "existing", not "new", construction, and • As "IND", not "LAPP", as properties sold by the lender are not eligible for processing under LAPP. b. Documentation Required The lender must: • provide evidence of property ownership, • complete any repairs needed for the property to meet VA's MPRs, • obtain a certificate of occupancy from the local authority, and • obtain the Veteran's signed acknowledgement that "This property is being purchased as existing construction from a lender who acquired this new construction property from the builder. There is no warranty and VA will not provide assistance with any construction defects." VA Pamphlet 26-7, Revised Chapter 10: Appraisal Process 10-32

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