



Checklist for New Construction Loan

When completing a new construction property there are certain requirements that must be met for FHA, VA and USDA. This checklist will advise on the basic requirements needed for each loan type.

New Construction is defined as a property either stick built or manufactured home that is built or placed within the most recent 12 months. Occupancy does not negate the need for the new construction documentation.

It is important to note that if the area the property is in does not issue Certificate of Occupancy status, FSB requires on the letterhead of the County or Authorizing Department of the County a statement to this effect and it must be signed/dated by a member of the Department confirming this information.

FHA Requirements

FHA follows Handbook 4000.1 specifications for New Construction requirements. This section will summarize what is needed to meet HUD guidelines. For the full reading of the requirements, please visit

https://portal.hud.gov/hudportal/HUD?src=/program_offices/administration/hudclips/handbooks/hsg

For max financing, the following requirements are needed:

- Builder's Certification of Plans, Specifications and Site (Form HUD-92541)
- Builder's One Year Warranty (Form HUD-92544)
- Wood Infestation Report (Form NPCA 99a and 99b)
- Ten Year Warranty – to be purchased through HUD approved vendor OR
- Three inspections (Form HUD-92051) if not using a 10-year warranty – One inspection (Final Inspection) if using a 10-year warranty
- Local Health Authority well water analysis or septic report, where applicable
- Final Inspection
- Certificate of Occupancy-from local authority

For LTV than is 90% or Less, the following requirements are needed:

- Builder's Certification of Plans, Specifications and Site (Form HUD-92541)

- Builder's One-Year Warranty (Form HUD-92544)
- Wood Infestation Report (Form NPCA 99a and 99b)
- Local Health Authority well water analysis or septic report, where applicable
- Final Inspection
- Certificate of Occupancy – from local authority

**If Manufactured Home – Foundation Inspection/Engineers Report is required

***Reminder – manufactured homes in a flood zone are not eligible for financing with FSB

VA Requirements

VA requirements can be found in the VA Handbook. This is a summary of the requirements needed for new construction properties. To review the full guidelines, please view the handbook following this link: http://benefits.va.gov/warms/pam26_7.asp. Requirements may be adjusted according to meet the requirements of the NOV at the time of approval.

- VA Form 26-1859 – 1-year Warranty of Completion of Construction plus not inspected Acknowledgement 12a
- Builder's Certification of Plans, Specifications and Site (Form HUD-92541)
- Building Permit and Certificate of Occupancy
- Builder signed certifications for EEC/CABO, Lead/Water Distribution and Off-site Improvements, if applicable (VA Not Inspected Acknowledgement for New Construction form)
- Termite Soil Report NPCA 99a and 99b (Borrower to write on report they did not have to pay for the termite report and sign the report)
- Additional certifications may be required and must be on lender or builder letterhead
- 10 year Home Owners Warranty if local authority does not make required inspections plus Not Inspected Acknowledgement 12b
- Copy of construction plans and specs

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USDA Requirements

To satisfy USDA requirements for new homes (stick built and manufactured) the following requirements must be met:

- Certification from a qualified individual or organization that the reviewed plans and specs comply with applicable development standards (meets local building codes). Qualified individuals or organizations able to provide this certification:
 - Licensed architects
 - Professional engineers

- Plan reviewers certified by a national model code organization listed in 7 CFR 1924, Part A, in Exhibit E
- Local building officials authorized to review and approve building plans and specifications, and
- National codes organizations
- Building Permit
- Certificate of Occupancy – from local authority
- Final Inspection
- 10-year insured builder warranty plan acceptable to Rural Development
 - Or, when three construction inspections are performed, a final inspection plus a 1-year insured builder warranty plan acceptable to RD is allowed in lieu of the 10-year builder warranty plan.
- Evidence of thermal standards meet or exceed International Energy Conservation Code (IECC) in effect at the time of construction.
 - The builder may certify confirmation with IECC standards
 - Or, a qualified, registered architect or a qualified, registered engineer may certify confirmation with IECC standards

Manufactured Homes

- Manufactured homes must be less than 12 months old and never occupied. They must include the site.
- To be an eligible unit, the new unit must have a floor area of not less than 400 square feet
- The unit must meet the Federal Manufactured Home Construction and Safety Standards (FMHCSS)
- The unit must be placed on permanent foundation built to FHA guidelines in effect at the time of certification
- A foundation certification is always required
- The home must be classified and taxed as real property
- The unit may never have been installed or occupied on any other site or location. The unit may only be moved from the manufacturer's or dealer's lot to the site on which the unit will be guaranteed.

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For further details regarding financing a manufactured home with Rural Development, please see Chapter 13 in the USDA Handbook.