

Types of Property Eligible for Appraisal

Existing Construction:

Refers to a home which has either been previously owner-occupied or had all onsite and offsite improvements fully completed for one year or more from the date of the Certificate of Occupancy.

New Construction:

Refers to a newly completed property, completed less than one year and never occupied.

A **newly completed property** is eligible if either:

- It is covered by a one-year VA builder's warranty
- It is enrolled in a HUD-accepted ten-year insured protection plan: or
- It is built by a Veteran, as the general contractor, for his/her own occupancy

A **Proposed or Under Construction property** is eligible for an appraisal prior to construction or during construction if:

- The appraisal is based on proposed construction exhibits or the model home; and
- The property is inspected during construction by the local authority having jurisdiction.

A **Manufactured home** is eligible for a VA loan term of 30 years if:

- It is classified and taxed as real property
- It is properly affixed to a permanent foundation
- It conforms with Va Minimum Property Standards: and
- Conforms with applicable building codes and zoning requirement for real estate

A **Modular home** is eligible if:

- It is constructed to the standards of the state in which the factory is located and receives the state's approval certification.
- It is delivered to the building site in sections, but not attached to a chassis supported by wheels.

A **Condominium** is eligible if it is:

- Approved by VA. The project must be approved by VA before any unit in the project can be appraised. A property involving a less than fee simple ownership (such as leaseholds, cooperatives, ground rental arrangements) is not eligible for an appraisal without prior VA approval of the specific land arrangement or project.

Note: A property is eligible for a cash out refinance if it is secured by an existing VA-guaranteed loan.

Properties Not Likely to be Eligible for an Appraisal

Property in a badly deteriorated condition is not eligible for an appraisal unless VA agrees there is a reasonable likelihood that it can be repaired to meet VA minimum Property Requirements (MPR) prior to loan closing.

A Property is not eligible for an appraisal if the improvements are or will be located in:

- A Special Flood Hazard Area (SFHA) and either:
 - It is proposed/under/new construction with elevation of the lowest floor below the 100 year flood level, or
 - Flood insurance is not available

- An area subject to regular flooding for whatever reason, whether or not it is an SHFA.
- A Coastal Barrier Resources System
- An airport Noise Zone³, if proposed or under construction
- A transmission line easement involving high-pressure gas or liquid petroleum or high voltage electricity when any part of the residential structure is located within the easement.
- An area susceptible to geological or soil instability (earthquakes, landslides, or other history of unstable soils) when the property is proposed/under/new construction and the builder cannot provide evidence that either the site is not affected or the problem has been adequately addressed in the engineering design.

Other Appraisal Restrictions

A new appraisal cannot be requested on a property which already has a valid VA value determination.

For any property appraised as proposed/under/new construction the builder must have a valid builder identification number prior to a VA Notice of Value being issued.

A property is ineligible for an appraisal if any party of interest to the transaction, other than the purchaser, is debarred Government-wide or otherwise excluded from participation in the Loan Guaranty program due to a VA-imposed sanction for substantially prejudicing a Veteran by either:

- Failing to correct justified construction complaint items
- Violating VA Minimum Property Requirements.
- Deviating from plans and specifications without VA approval
- Failing to honor other contracted obligations on houses previously built and sold with VA financing; or
- Using a sales contract or marketing method or practice which VA considers to be unfair or unduly prejudicial to the Veteran involved.

Appraisers must not complete an assignment for a property that does not appear to be eligible to become the security for a VA-guaranteed loan with first contacting the lender involved or the Regional Loan Center with jurisdiction.