



WHOLESALE ANNOUNCEMENT 2019-18

June 5, 2019

Guideline Updates

FHA

1.08.06.06 Building on Own Land:

FHA has clarified and revised its policies for Building on Own Land and Construction to Permanent transactions. It is no longer determined which program you use depending on whether or not the borrower has owned the land for greater than or equal to 6 months or less than 6 months. Construction to Permanent is a one-time close construction loan, where Building on Own Land is a two-time close construction loan. FCM does not currently have a one-time close construction program. Please review the full guidelines for Building on Own Land changes.

VA

VA has updated Chapters 7 and 10. These changes are effective June 9, 2019. Not all changes caused an update to our guidelines. FCM recommends you review these Chapters in their entirety.

1.08.05.03 Appraisal Requirements:

An appraisal can be ordered online in WebLGY only after a COE has been requested.

1.08.06.02 Documentation Requirements for New Construction:

Evidence that the new construction property was satisfactorily completed will be documented as follows:

- 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.
- If the local authority does not provide construction inspections, 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.

06/05/2019