

FHA New Construction Financing Job Aid
Effective with case numbers assigned on or after 01-04-21

New Construction Definitions

New Construction refers to Proposed Construction, Properties Under Construction, and Property Existing Less than One Year as defined below:

- **Proposed Construction** refers to a property where no concrete or permanent material has been placed. Digging of footing is not considered permanent.
- **Under Construction** refers to the period from the first placement of permanent material to 100 percent completion with no Certificate of Occupancy (CO) or equivalent.
- **Existing Less than One Year** refers to a property that is 100 percent complete and has been completed less than one year from the date of the issuance of the CO or equivalent. The Property must have never been occupied.

FHA treats the sale of an occupied Property that has been completed less than one year from the issuance of the CO or equivalent as an existing Property.

Eligible Property Types

The following property types are eligible for New Construction financing:

- Site Built Housing (one- to four-units)
- Condominium units in Approved Projects of Legal Phases
- Manufactured Housing

Required Inspections for New Construction Financing

Site Build Housing and Condominium Units (By Construction Status at Time of Appraisal)

The lender must obtain:

- **Proposed Construction**
 - Copies of the building permit (or equivalent) and CO (or equivalent); or
 - Three inspections (footing, framing and final) performed by the local authority with jurisdiction over the property or an ICC certified RCI or CI (for Modular Housing, footing and final only); or
 - In the absence of such ICC certified RCI or CI, the lender may obtain three inspections (footing, framing and final) performed by a disinterested third party, who is a registered architect or a structural engineer and has met the licensing and bonding requirements of the state in which the property is located.
- **Under Construction**
 - Copies of the building permit (or equivalent) and C (or equivalent); or
 - A final inspection issued by the local authority with jurisdiction over the property or by an ICC certified RCI or CI; or
 - In the absence of such ICC certified RCI or CI, lender may obtain a final inspection performed by a disinterested third party, who is a registered architect or a structural engineer and has met the licensing and bonding requirements of state in which the property is located.
- **Existing Less than One Year**
 - A copy of the CO (or equivalent); or
 - A final inspection issued by the local authority with jurisdiction over the property or by an ICC certified RCI or CI; or
 - In the absence of such ICC certified RCI or CI, the lender may obtain a final inspection performed by a disinterested third party, who is a registered architect or a structural engineer and has met the licensing and bonding requirements of the state in which the property is located.

Manufactured Housing (By Construction Status at Time of Appraisal) – Inspection Requirements for Maximum Financing

The lender must obtain:

- **Proposed Construction**
 - Copies of the building permit, (or equivalent) and CO (or equivalent); or
 - Two inspections (initial and final) performed by the local authority with jurisdiction over the property or an ICC certified RCI or CI; or
 - In the absence of a local authority with building code jurisdiction or ICC certified RCI or CI, the lender may obtain two inspections (initial and final) performed by a disinterested third party, who is a registered architect or a structural engineer and has met the licensing and bonding requirements of the state in which the property is located.
- **Under Construction**
 - Copies of the building permit, (or equivalent) and CO (or equivalent); or
 - A final inspection performed by the local authority with jurisdiction over the property or an ICC certified RCI or CI; or
 - In the absence of a local authority with building code jurisdiction or ICC certified RCI or CI, the lender may obtain a final inspection performed by a disinterested third party, who is a registered architect or a structural engineer and has met the licensing and bonding requirements of the state in which the property is located.
- **Existing Less than One Year**
 - A copy of the CO (or equivalent); or
 - A final inspection performed by the local authority with jurisdiction over the property or an ICC certified RCI or CI; or
 - In the absence of a local authority with building code jurisdiction or ICC certified RCI or CI, the lender may obtain a final inspection performed by a disinterested third party, who is a registered architect or a structural engineer and has met the licensing and bonding requirements of the state in which the property is located.

Required Documentation for New Construction Financing

The following must be obtained and included in the case binder for New Construction Financing:

	Form HUD-92541 , <i>Builder’s Certification of Plans, Specifications, and Site</i> ;
	Form HUD-92544 , <i>Warranty of Completion of Construction</i> ;
	Required inspections, as applicable;
	Inspections performed by an ICC certified RCI or CI or a third-party, who is a registered architect or structural engineer must be reported on form HUD-92051 , <i>Compliance Inspection Report</i> , or an appropriate state-sanctioned inspection form;
	Wood Infestation Report, unless the property is located in an area of no to slight infestation as indicated on HUD’s “Termite Treatment Exception Areas” list: <ul style="list-style-type: none"> • Form HUD-NPMA-99-A, <i>Subterranean Termite Protection Builder’s Guarantee</i>, is required for all New Construction. If the building is constructed with steel, masonry or concrete building components with only minor interior wood trim and roof sheathing, no treatment is needed. The lender must ensure that the builder notes on the form that the construction is masonry, steel, or concrete. • Form HUD-NPOMA-99-B, <i>New Construction Subterranean Termite Service Record</i>, is required when the New Construction property is treated with one of the following: Termite Bait System, Field Applied Wood Treatment, soil chemical termiticide, or Physical Barrier System is installed, as reflected on the HUD-NPMA-99-A. The lender must reject the use of post construction soil treatment when the termiticide is applied only around the perimeter of the foundation.
	Local Health Authority well water analysis and/or septic report, where required by the local jurisdictional authority.
	When a third party, who is a registered architect or structural engineer is relied upon for required inspections due to the absence of an ICC certified RCI or CI, include certification from such inspector that they are licensed

	and bonded under applicable state and local laws.
Documents to be provided to Appraiser at Assignment	
	The lender must provide the Appraiser with a fully executed Form HUD-92541 , signed and dated no more than 30 days prior to the date the appraisal was ordered.
	For properties 90 percent completed or less, the lender must provide a copy of the floor plan, plot plan, and any other exhibits necessary to allow the appraiser to determine the size and level of finish of the house they are appraising.
	For properties greater than 90 percent but less than 100 percent completed, the lender must provide the appraiser with a list of components to be installed or completed after the date of inspection.
Note: New Construction must meet HUD’s Minimum Property Requirements (MPR) and Minimum Property Standards (MPS)	