

Elimination of Builder Identification Number for Certain Guaranteed Loans and Updates to Builder Complaint Process

1. Purpose. The Department of Veterans Affairs (VA) is rescinding the procedure for builders to request a VA builder identification number for processing VA-guaranteed loans on new and proposed construction properties. VA is also updating the process for addressing complaints about builders received from Veterans.

2. Background. In an effort to streamline procedures for new and proposed construction, VA identified the following existing procedures for updates:

a. VA Pamphlet 26-7, known as the Lenders Handbook, directs builders to obtain a VA-issued identification number for each state where they are building homes for Veterans who are obtaining VA-guaranteed loans. This builder identification number is to be assigned prior to the Notice of Value (NOV) being issued.

b. In February 2006, VA ceased compliance inspections for new and proposed construction properties secured by VA-guaranteed loans, relying instead on local building inspections and construction warranties of 1- or 10-years. Despite this significant change, VA did not update procedures related to how VA employees were to handle Veteran complaints related to construction, leaving many Veterans with the impression that VA has authority to compel builders to correct construction defects or other issues.

3. Effective Date. This Circular is effective immediately.

4. Builder Identification Numbers. A VA-issued builder identification number is no longer necessary for issuing the NOV or processing a loan on a new or proposed construction property for VA-guaranteed loans. All references to builder identification numbers in Chapters 7, 10, and 13 of the VA Lenders Handbook will be removed in a future revision.

a. Builders are still expected to meet any state and/or local licensing requirements.

b. There is no change in the requirement for a VA-issued builder identification number for processing a Specially Adapted Housing (SAH) grant or a Native American Direct Loan (NADL) for an eligible Veteran.

5. Builder Complaints. When a Veteran submits a builder complaint, VA will provide Veterans with resources for resolving complaints about builders instead of interceding. Depending on the nature of the complaint, this could include leveraging the services and expertise of the local building department, licensing boards, or recommending the Veteran seek legal counsel in the event of a serious matter.

a. The NOV in WebLGY is being updated to remove references to VA providing assistance

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with construction complaints. VA will continue to process complaints received during the 1-year warranty period on loans with NOV's issued before this update.

6. Questions. Any questions regarding this Circular should be submitted via [ServiceNow](#).

7. Rescission. This Circular is valid until rescinded.

By Direction of the Under Secretary for Benefits

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