

DEPARTMENT OF VETERANS AFFAIRS

ROANOKE REGIONAL LOAN CENTER



COMPLIANCE INSPECTOR GUIDE

JULY 2005 EDITION

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REVISIONS PAGE

Rev. 1. Page 6, Contact Information. Hugh Alley's fax number corrected to 304-399-9355.

Page 7, The following paragraph was added.

◆ **SAH Cases**

If you are submitting an invoice for a Specially Adapted Housing case make sure that you include the Tax ID number or SSN you used on the direct deposit form. If you are not sure of the number check with the SAH Agent.

INTRODUCTION

Welcome to the Department of Veterans Affairs Fee Compliance Inspector Panel.

This Guide will help you to properly complete VA Compliance Inspection assignments and assist as a reference for other performance and conduct matters

Changes to this Guide will be posted on our VA Regional Loan Center webpage at:

<http://www.vba.va.gov/ro/roanoke/rlc>

We will advise you when there are changes you should obtain.

Our desire is that you help us provide the very best service possible to the veterans that we serve. To this end, we request that you display a courteous attitude and a high degree of professionalism with our other program participants.

When you experience difficulty in completing an inspection assignment or have any questions, please do not hesitate to contact our office.

Sincerely,

W. Sanford Stewart
Valuation Officer

CHAPTER 1 CONTACT INFORMATION

VA ROANOKE REGIONAL LOAN CENTER

**C&V - 262
210 Franklin Road
Roanoke, Va. 24011
800-933-5499**

VETERANS ASSISTANCE (NATIONWIDE) (800) 827-1000

WEBSITES: VETERANS INFORMATION PORTAL <https://vip.vba.va.gov>

(For Access to TAS, ACE, and
Condo/PUD/Builder Reference files).

ROANOKE REGIONAL LOAN CENTER <http://vba.va.gov/ro/roanoke/rlc>

C&V STAFF CONTACT INFORMATION:

General Mailbox: vavbaroa/ro/cv@vba.va.gov

FAX: (540) 857-2293

PCFAX: (888) 891-6910, hit pause key three times, then extension
below and "send". *Sends directly to staff.*

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CHAPTER 2 INSPECTION FEES and PAYMENT

Fees and Payment Issues

◆ Fee Schedule

Compliance Inspection Fees (Proposed Construction Cases, all areas): **\$ 100**

When requested to complete an inspection, you may charge 40.5 cents per mile for anything over 40 miles. Mileage charge may not exceed \$50.00.

You are responsible for all other expenses associated with the preparation, completion and transmittal of all reports. (See Chapter 8 regarding Report Forms).

Submit invoices (and expect payment) **only** after completion and mailing of the inspection report.

CONTACT US FOR OTHER FEE INFORMATION.

◆ Collection Assistance

We will assist you in collection of fees that are 60 days past due. When necessary send us a copy of your invoice, a copy of the original request and info regarding who you have contacted. We will provide written and/or telephone correspondence in order to obtain payment.

We may authorize you individually to require payment in advance if:

- you have documentation of a regular, ongoing payment problem and
- documentation that the party responsible for payment will not respond

This documentation should consist of copies of previous correspondence regarding past due accounts, records of telephone calls made and any other information that you deem as supportive evidence. We consider 3 occurrences of late payment as a problem.

◆ Late Fees

Compliance inspectors are authorized to collect a reasonable late charge for fees that are not paid promptly. Reasonable "late charges" are defined as "no greater than \$10.00 per month after 30 days have elapsed from the date of billing".

◆ SAH Cases

If you are submitting an invoice for a Specially Adapted Housing case make sure that you include the Tax ID number or SSN you used on the direct deposit form. If you are not sure of the number check with the SAH Agent.

CHAPTER 3 ACCESSIBILITY and AVAILABILITY

Inspector Availability and Communication

You should be available during normal business hours and respond promptly to any inquiries you receive (by phone, fax, or e-mail) from VA staff, builders, lenders, or real estate agents. Generally, your response should be made no later than the following business day.

◆ **E-Mail**

We strongly recommend that you have an e-mail address. Most lenders are now using email as the primary means of requesting inspections and for other communications with the fee inspector.

◆ **Phone/Fax**

A fax machine, or access to a fax machine, is required.

A telephone answering machine, or voice mail system, or someone to answer your telephone during normal business hours (typically 8:00 a.m. to 4:00 p.m.) Monday through Friday is required.

Change your telephone voice message when you are unavailable. Your message should direct the caller to contact our office.

◆ **Unavailability**

Notify us via fax or email to stop assignments and include the dates you are unavailable. Notify us of any inspection(s) still pending so we can reassign them to another inspector.

Note: We may reassign a case if we are unable to reach you to determine the status. We will leave you notice when we do this.

CHAPTER 4 CONDUCT and CONFLICTS OF INTEREST

General Conduct

As a fee inspector, you are considered as acting on behalf of the VA. Courteous, professional conduct is expected. Therefore, be mindful of your attitude and the remarks you make while performing your inspection work.

Representing VA

Contact us first to obtain permission to speak to anyone or any group *in an official capacity* representing VA in regard to VA regulations, procedures, or policies.

Property Inspections

You must do the compliance inspection and provide the information contained in the report. Neither task can be delegated by you to someone else.

VA Certification Regarding Conflicts

We require that you annually certify (via VA Form 26-6684) that either you have no outside conflicts of interest, or (if you do) what they are. Note that *although you may have an outside conflict of interest, this in itself does not eliminate you from VA fee assignments.* This does mean that you should have a case reassigned when a conflict arises! See VA policy below.

Conflict of Interest - VA Policy

The following statement of VA policy provides some examples of conflict of interest as well as other guidelines for fee personnel:

It is neither the desire nor the intent of VA to interfere in the private lives of Fee Appraisers or Compliance Inspectors or to infringe upon their personal liberties. It is appropriate, however, for VA to require that persons serving as Fee Appraisers and Compliance Inspectors do not engage in private pursuits that conflict with their duties on behalf of the VA. Except as may be otherwise expressly authorized by VA regulations, instructions, or directives, VA requires that, as a condition for appointment and retention on rosters of designated or approved Fee Appraisers and Compliance Inspectors, any particular individual serving in such capacities shall not engage in any private pursuits where there may or will be:

- *Any connection established that might result in a conflict between the private interests of the VA Fee Appraiser or Compliance Inspector and his/her duties and responsibilities to VA and veterans.*
- *Any circumstances wherein information obtained from or through a VA assignment to appraise or to make compliance inspections will be used to the detriment of the Government or veterans.*

Specifically, the foregoing statements of policy and the standards contained therein are intended to preclude any Fee Appraiser or Compliance Inspector from:

- *Selling land to a builder or sponsor and then making an appraisal or compliance inspection of a dwelling unit purchased by a veteran with guaranteed, insured, or direct loan.*
- *Owning an interest in, being employed by, or operating an architectural, engineering or land planning firm which renders services to builders or sponsors and later accepting an assignment from VA to appraise or inspect dwelling units built or to be built by a particular builder or sponsor for whom architectural, engineering, or land planning services have been rendered by the firm in which the Fee Appraiser or Compliance Inspector has employment or an interest.*
- *Appraising or inspecting dwelling units on VA assignments and later accepting exclusive selling rights for the homes.*
- *Appraising or inspecting properties for builders or sponsors who are purchasing hazard insurance or title services with respect to those properties from a company in which the Fee Appraiser or Compliance Inspector has an interest.*
- *Owning an interest in a project developed by a builder and accepting VA appraisal or inspection assignments in another area which the same builder owns, is building, or is handling as real estate broker.*
- *Having an interest in or representing building supply firms and accepting VA assignments on dwelling units built by builders or sponsors who deal extensively with such supply firms.*
- *Accepting a VA assignment to appraise property if the fee is contingent upon supporting a predetermined conclusion.*

The above examples are not all-inclusive, but they do illustrate some obvious conflicts of interest. The provisions above do allow you to act as sales agent or broker in connection with a particular property, but if you receive an appraisal or inspection request related to VA financing on that property, then you should immediately request a reassignment.

- **Notify us if you are elected or appointed to public office, or if affiliated with any new lender, builder, or realty firm.**
- **Request reassignment for a VA inspection on any property in which you have an actual or possible conflict of interest.**

CHAPTER 5

VA MINIMUM PROPERTY REQUIREMENTS (MPR's)

Property Constraints and Perspective

VA has no *specific* property constraints regarding dwelling size, room counts, quality of construction or repair of specific code violations.

MPR's for Existing and New Construction

◆ **Property Access**

Access to the Site: Each property must have access from a public or private street. The street must have an all-weather surface.

Private streets must be protected by permanent easement and maintained by an HOA or joint maintenance agreement.

Access to the Unit and Rear Yard: The unit must have access without passing through another unit. Each living unit must be able to be used and maintained individually without trespass upon adjoining properties. Required easements must run with the land.

Rear yard must have access without passing through any other living unit. For a row-type dwelling, the access may be by means of alley, easement, passage through the dwelling, or other acceptable means.

Access for Wall Maintenance: There must be adequate space between buildings to permit maintenance of the exterior walls.

◆ **Property Characteristics**

Entity: The property must be a single, readily marketable real estate entity.

Use: The use must be primarily residential. If a portion of the property has non-residential use, it must not impair the residential character of the property or exceed 25% of the total gross floor area. Provide total square feet of commercial use and total square feet of residential use.

Living Area and Facilities: Each unit must have sanitary facilities and enough space to assure suitable living, sleeping, cooking and dining..

Laundry, storage, heating and other facilities may be shared in 2-4 unit buildings.

Utilities: Utilities (water, sewer, gas, electricity) must be independent for each unit. Several units under one ownership may share utilities if there are separate shutoffs. Individual utilities must not cross another unit unless there is permanent legal right of access for repair and maintenance.

Units under separate ownership may share common utilities (such as shared well) provided that the connections are protected by easement or covenant and (that) there is an acceptable maintenance agreement.

Mechanical Systems: Mechanical systems must be safe to operate, be protected from destructive elements, be of adequate capacity and quality, and have reasonable future utility.

Heat: Heat must be adequate for healthful and comfortable living conditions. If wood-burning stove is primary heat source then there must also be a conventional system that will maintain at least a 50 degree temperature in the plumbing areas.

If Solar system is primary heat/hot water source then there must be a "backup" system which will provide equivalent (100%) utility.

Unvented space heaters or fireplace: Provide detailed comments on Unvented Space Heaters that use liquid or gaseous fuel, or any Unvented Fireplace. There are additional requirements (not part of the appraisal) that must be added to the Value Notice by VA or the LAPP Lender.

Electricity: Each unit must have adequate electricity for lighting and necessary equipment.

Water and Wells: Each unit must have a continuing supply of potable (drinkable) water along with domestic hot water. Connection to public water is required whenever feasible.

Water quality from an individual water supply must meet the requirements of the local health authority. If no local health authority then EPA guidelines apply. Water must be potable from the source, independent of any individual treatment system.

A shared well must be capable of producing adequate water for each property simultaneously. There must be a permanent easement to allow access for maintenance and repair. There must be a recorded well-sharing agreement which provides for repair and maintenance of the system.

A Community Well must be sufficient for the project and water quality must be approved by local or State Health Officials.

Health department approved cisterns will be accepted when public water is not available and when safe, potable water cannot be obtained from drilled wells.

Sanitary Facilities, Sewage and Septic: Each unit must have sanitary facilities and a safe method of sewage disposal. Connection to public sewer is required whenever feasible.

Individual and Community sewage disposal systems must operate properly. Pit privies are permitted where they are customary *and* are the only feasible means of disposal. They must be installed in a manner recommended by the local health authority. If there are no local health authority requirements then U.S. Public Health Service requirements apply.

Roof: The roof must prevent the entrance of moisture and have at least five years remaining useful life. All old shingles must be removed if a defective roof has three or more layers.

Ventilation: There must be sufficient natural ventilation in areas such as attics and crawl spaces to minimize the effects of excess heat and moisture.

Crawl Space: The crawl space must have adequate access, be properly vented and clear of all debris. Excessive dampness or ponding of water must be corrected.

Floor joists must be high enough to allow access for maintenance and repairs of ductwork and plumbing.

Party Walls: A party wall constructed at the property line must extend the full height of the building (foundation to roof ridge). The wall may separate semi-detached or row units.

◆ **Defective Conditions**

Site: The site must be properly graded to provide positive drainage (away from the dwelling), and to prevent water from ponding. Ground cover must be stabilized to prevent erosion.

Improvements: Any condition impairing the safety, sanitation or structural soundness of the property must be corrected so that the probability of further damage is eliminated.

Some of these conditions include defective construction, poor workmanship, excessive dampness, leakage, decay, evidence of continuing settlement, and termites.

Specific examples of common problems include rotted exterior wood trim, peeling paint, roof leaks, broken windows, plumbing leaks and exposed electric wiring.

Other examples include damage caused by infestation, fungus growth or dry rot.

Lead-Based and Defective Paint: Defective paint (cracking, scaling, peeling, chipping or loose) on homes built prior to 1978 will be considered lead based and must be corrected. Defective paint on homes built after 1978 should be corrected only if it poses a threat to the security of the improvements.

◆ **Other Hazards**

Onsite: The property must be free of hazards (such as subsidence or flood or erosion problems) which may adversely affect the health and safety of the occupants, the structural soundness of the improvements, or which may impair the customary use and enjoyment of the property by the occupants.

Offsite: High Voltage Electric Transmission Lines and Gas and Petroleum Pipelines: The dwelling structure must be located outside of the easement area(s). Other onsite improvements can be located in the easement area(s). If a Proposed Construction Dwelling is located outside the Pipeline easement but less than 220 yards away from the centerline, additional conditions apply.

MPR's for Proposed Construction

◆ Building Codes

All State, County or Local Building Codes apply. If there are none, then VA MPR's are the applicable provisions of the current CABO One and Two Family Dwelling Code. The 1992 CABO Model Energy Code applies either way.

◆ HUD References and Publications

Include as applicable HUD engineering bulletins and releases concerning construction or materials that have been reviewed and found suitable by HUD, and

The Standards and Practices recommended in HUD Handbooks:

- 4140.1 – Land Planning Principles for Home Mortgage Insurance
- 4140.2 - Land Planning Procedures and Data for Insurance for Home Mortgage Programs
- 4140.3 – Land Planning Data Sheet Handbook

CHAPTER 6

ASSIGNMENTS and INSPECTION REQUESTS

The Assignment Process

◆ Computer Assignment

Lenders and other requesters order case numbers, appraisals and inspections through the VA's Internet-based Assignment System (TAS).

When TAS assigns an appraiser, it will also assign a Fee Compliance Inspector for each proposed construction case. The assignments are all on a rotational basis according to geographic areas (cities and/or counties) of coverage.

All inspectors currently on the VA Fee Panel whose status is "Active and Available" are in the rotation and eligible to receive inspection assignments.

VA may assign more than one inspector in the case of master appraisals.

The assignment information is sent via mail, email or fax to you.

◆ Early Start Assignments

To avoid builder delays in starting construction, VA can assign the inspector prior to assigning the appraiser. The builder or sponsor must first submit a written request to us.

Monitoring Your TAS Account

You should monitor your TAS account regularly to help plan your work schedule. To do so, go to the Veterans Information Portal (VIP) website at: <https://vip.vba.va.gov>

Once you have logged in, a link to TAS is on the lower left side of the screen. (Contact us for assistance with your login).

Your "*Inspector Pending Assignments*" list in TAS will display the case number, the subject property address, the name, address, and phone number of the person and company who ordered the appraisal.

This TAS report may include some inspections that you have already completed and submitted to VA and/or to the lender. TAS will continue to display the status as "out for inspection" until TAS coding is changed by us.

Inspection Exhibits

You will receive the Construction Exhibits and a Notice of Value (NOV). The NOV is based on the appraisal report. The NOV includes the property address, VA case number and appraised value.

Construction Exhibits you should receive include:

- Specifications. VA Form 26-1852 (Description of materials) or other suitable format is acceptable. Specifications must be signed by the builder and the veteran.
- Plot Plan. Includes well/septic locations when applicable.
- Building Plans. Must show all exterior elevations, foundation/basement plan, all floor plans and sectional wall details.

The plans should include the following certification, signed and dated by a technically qualified and properly identified individual (such as the builder, architect, engineer etc):

“I certify that the construction exhibits for _____ meet all local code requirements and are in substantial conformity with VA Minimum Property Requirements, including the energy conservation standards of the 1992 CABO Model Energy Code and the requirement for lead-free water piping.”

(HUD Form 92541, Builder’s Certification of Plans Specifications and Site, is acceptable in lieu of the above certification).

For MCRV (Multi-Property) cases, you will receive a construction exhibit set for each model type, along with a worksheet referencing the lots, builder options and variations.

Contact the sender if you are missing anything, and avoid any inspection work until you have a complete and accurate exhibit set.

Inspection Requests

Verify as necessary the inspection being requested (1-3, Reinspection, Special).

When reinspecting, there may be a request to amend the construction *exhibits* in lieu of an attempt to correct the actual construction. If so, then also review the change request order(s). (See Chapter 8, Construction Exhibit Changes)

Inspection Timeliness

Inspections should be completed within 24 hours of receipt of the inspection request. Document any delays due to circumstances beyond your control.

CHAPTER 7

CONSTRUCTION INSPECTIONS

Purpose

The purpose of VA inspections during construction is to ensure that all onsite and offsite improvements have been acceptably completed according to:

- the construction exhibits on which the VA value estimate is based, and
- VA Minimum Property Requirements (MPR's) for Proposed Construction

Determining the Inspections Needed

If appraised *without* a Ten-Year Insured Protection Plan, then:

- Either a full complement of inspections is required, or
- Only a final/third stage inspection, provided that the local building authority inspections are acceptable in lieu of VA first and second stage inspections

Note: VA automatically waives first and second stage inspections if the local authority issues an occupancy permit.

If appraised *with* a Ten Year Insured Protection Plan, then:

- Only a Final (third stage) inspection is required.

Consequences of Inspections

A lender may close a loan based on a "clear" final inspection report.

Deviations from the construction exhibits may necessitate revision of the VA value estimate, if appropriate.

Properties that fail to meet VA MPR's are unacceptable as the security for a VA loan.

Inspection Stages

◆ **First Stage Inspection – VA Poster**

At the initial inspection, note whether or not the builder has prominently displayed VA Poster 26-83-1 "Equal Employment Opportunity is the Law". If not readily visible then notify us. We will inform the builder that no further inspections will be made until the poster is displayed. Make this a compliance item (item c) in your inspection report.

In all areas with significant concentrations of Spanish-speaking people, VA Poster 26-83-1(S) printed in Spanish, must be displayed next to the poster in English.

◆ **First Stage Inspection - Option 1**

Excavation complete and ready for footings and foundations usually applies in localities where it is advisable to have the bearing soil examined before construction proceeds.

When we have determined that this condition applies, inspect for:

- the nature of the bearing soil and the form work for footings or the condition and quality of the footing trench if forms are not required.
- compliance with construction exhibits and VA Minimum Property Requirements regarding (a) the location of the structures on the plot, and (b) depth of excavation and its relation to street and proposed finish grades and to grades of adjoining improved properties.

◆ **First Stage Inspection – Option 2**

Foundation walls complete and ready for backfill applies where soil conditions are generally uniform and free of faults likely to cause foundation problems.

When we have determined that this condition applies, then (in addition to the Option 1 items) also inspect for:

- the size, location, and condition of all footings, foundation walls, piers, and other supporting members, and also the quality of materials and workmanship of masonry, damp proofing, and foundation drainage.

◆ **Second Stage Inspection**

Inspect for:

- construction below the superstructure not installed or which was installed but not inspected or reported upon at the first inspection stage, including footings, foundations, piers, columns, waterproofing and drainage provisions
- construction of the superstructure, including quality of materials and workmanship, details of construction, and the suitability of arrangement of all items for subsequent installation of equipment and of interior and exterior finishing materials
- the plan of the dwelling, including the arrangement of partitions and the sizes and placement of all openings roughing-in of mechanical work, including plumbing, heating, and electric installations with respect to (a) providing for the correct installation of fixtures, equipment, and accessories (b) avoiding impairment of the strength of structural members, and (c) proper operation of the completed systems.

Note: No second stage inspection of the dwelling is required for modular construction since the unit is fabricated in a factory and must be inspected to state standards.

◆ **Third (Final) Inspection Stage**

Inspect for acceptable completion of *all* specified onsite and offsite improvements. If incomplete then reinspect and report when requested to do so.

The table below lists the items to be inspected and reported on.

Exterior Inspection:

- | | | |
|---------------------------------|---|--|
| ◆ compaction of fill material | ◆ protection against the elements and penetration of moisture | ◆ offsite improvements including |
| ◆ finish grading | ◆ masonry pointing | ◆ utilities |
| ◆ drainage | ◆ caulking at openings | ◆ storm sewer system |
| ◆ utility connections | ◆ paint coverage | ◆ drainage channels |
| ◆ walks | ◆ flashing | ◆ grading |
| ◆ drives | ◆ design of dwelling structure | ◆ curbs |
| ◆ accessory buildings | ◆ materials and details of their installation and finish | ◆ gutters |
| ◆ retaining walls | | ◆ paving |
| ◆ planting | | ◆ pavement edging |
| ◆ safety provisions at terraces | | ◆ sub-grade, and |
| ◆ porches, areaways | | ◆ base and wearing surface and erosion |

Interior Inspection:

- | | | |
|---|--|---|
| ◆ design | ◆ cabinets and millwork | ◆ quality and operation of hardware |
| ◆ materials, equipment, and details of their installation | ◆ details and operation of systems, equipment, and fixtures related to | ◆ quality of tile work |
| ◆ interior surfaces and their finish treatment | ◆ plumbing | ◆ glass |
| | ◆ heating | ◆ linoleum |
| | ◆ ventilating | ◆ venting of attics and underfloor spaces |
| | ◆ electric | |

Reinspection

A re-inspection is required when a previous inspection showed noncompliance. (See also Chapter 8, Construction Exhibit Changes)

We may waive a Third-stage reinspection if the incomplete work is minor, and the lender will certify that it has been satisfactorily completed.

Missed Inspections

Occasionally a required inspection may be missed through oversight by the builder or other party responsible for requesting them. To waive a missed inspection, the VA field office must be provided with:

- a written request signed by the lender and the veteran
- evidence that the local building authority inspected the construction at the stage(s) not inspected by VA. Per HUD guidelines, a copy of an occupancy permit is (also) acceptable for this purpose.
- in areas without local inspections at prescribed construction stages, provide a statement regarding your experience with the quality of the builder's workmanship and the builder's conformity with both constructions exhibits submitted to VA and VA minimum property requirements.
- evidence of HUD's consent to the waiver, if the case is HUD related.

Special Inspections

We may also require special inspections to help monitor cases involving

- unusual site features or construction methods
- builders with frequent construction complaints.
- cases involving major alteration or repair work

CHAPTER 8

INSPECTION REPORTS and CHANGE REQUESTS

Report Form and Source

Use VA Form 26-1839 (Compliance Inspection Report). To obtain, call Mr. Marion Childress at this office (800-933-5499, x1318).

Use Your VA ID#

Put your VA ID# next to your name on all correspondence.

Timeliness Information

Put your Received Date, Inspection Date and Mailed Date on the Report.

Report Requirements

Provide a report for each required inspection. Include the VA case number at the top, plus lender and builder information.

◆ Section 1

Indicate which inspection you are doing and then the condition of construction (A, B, C, D, E, other).

- Condition “A” applies when work has properly progressed.
- Condition “B” applies when you find variations or deviations from the plans or VA MPR’s. Report all differences in the comments section.
- Condition “C” applies when you determine that the builder will correct any unapproved variations or deviations. Also check either the box marked “Above Items Will Be Inspected at Next Regular Inspection” or “Reinspection Required”.
- Condition “D” applies when the builder indicates an unwillingness or inability to correct or complete the non-compliance items.
- Condition “E” applies only for third stage or later inspections. Usually the remaining items are delayed by weather.

◆ Section 2

Complete this section when making a regular third stage inspection. Conditions A, B, C, D and E apply as described for Section 1 above. If work is incomplete or unsatisfactory then check the “reinspection required” box.

◆ **Section 3**

Report your findings based on a reinspection requirement from a previous report. Check the boxes to show which previous inspection is applicable, and the current condition (A, B, C, D or E) as described for Section 1 above.

If the areas needing reinspection have been concealed, then defer until the areas have been uncovered.

◆ **Section 4**

When Condition “E” has been checked under Section 1 or 3, enter an estimate of the cost to complete the remaining *onsite* work, and estimated date of completion.

◆ **Section 5**

Sign/date all reports. Note that the certification avoids any reference to *final* acceptance and approval, since additional stage inspections or reinspections may be needed.

◆ **Section 6**

- You are authorized to countersign (at the bottom) whenever you report no evidence of noncompliance, substitutions or deviations.
- You are also authorized to countersign any third stage/final reports whenever you report only items that could be covered by a lender’s certification or an escrow.
- This includes a Third Stage/Final Inspection report where the installation of appliances and floor coverings will be delayed until as late as just prior to loan closing. Floor coverings in bathrooms and any wood finish flooring must already be completed.

In Section 1, describe appliances and/or finish flooring to be installed. Include make/model (appliances) or brand and quality code number (flooring) as applicable.

In Section 6, check boxes “A” and “D” and countersign the report.

Other Final Report Requirements

- ◆ Report on any shortcomings, such as paint scratches, poorly fitting doors, stuck windows and wall cracks. Do this regardless of any arrangements made to do corrections.
- ◆ Report other problems such as inferior workmanship, faulty installation of or defective materials or equipment, any deviation(s) from the plans and specifications.
- ◆ When construction is acceptably complete, the final inspection report must include the following statement:

“ALL EQUIPMENT, FIXTURES, AND OBSERVABLE CONSTRUCTION
ARE COMPLETE, SUITABLE AND READY FOR USE.”

Also, take two photographs (from the diagonally opposite front and rear corners) to record the appearance of the dwelling and indicate the grading and drainage of the site.

- ◆ If the property is a unit from a Master Appraisal (MCRV), then either identify the options/variations included or state that there are none. If the unit was a “Builder’s Choice” for the site then also obtain a plot plan.

Report Distribution

For Pre-Final Reports and any Final Reports which denote substitutions or deviations:

- Leave a copy of each report at the job site for the builder.
- Keep a copy for your records.
- Send the remaining copies to us.

For Final Reports with NO Substitutions or Deviations:

- Leave one copy with the builder (if lender not known, leave two copies)
- If lender known then forward a copy.
- Keep a copy for your records.
- Send the remaining copies to us *including the photographs (plus individual plot plan if applicable)*

If a revised report is prepared by the Regional Loan Center, copies will be distributed to the lender, the builder and yourself. In such cases the report will be marked “Superseded.” We will maintain a file copy.

Construction Exhibit Changes

◆ How a Change is Requested

After the appraisal has been completed, then:

- If a veteran is under contract, he/she must request any changes
- If no contract, then the builder, sponsor, or lender may request changes (and also must certify that the property is not under contract).

◆ Change Request Form

VA Form 26-1844 must be used to request the change. There are two exceptions:

- If there is no veteran-purchaser involved and the change is limited to substitution of mechanical equipment of *equal value*, you may check Section 1B (Substitutions or Deviations), describe the change of equipment and the value attributed to the substituted equipment and note the change on the plans and specifications.

- If the property was inspected by HUD, provided that (a) the additions, substitutions or variations are clearly described on the HUD inspection report (b) the veteran-purchaser has signed his/her acceptance of the changes, and (c) the change items are of a minor nature with no additional cost to the veteran involved and no change in reasonable value is indicated.

Examples include substitution of water heater or furnace, hardware or bath fixtures, and relocation of outlets or windows.

◆ **Approval of Changes *Not* Affecting Property Value**

You may approve and distribute a properly completed VA Form 26-1844, containing all required signatures, which does not involve deletions or a change in value. The builder must complete the form in duplicate and have it at the job site at the time of your scheduled inspection. You must:

- confirm the change information
- inspect the property according to the plans, specifications and change order
- sign the change order
- give the builder the original counter-signed change order to forward to the lender, and keep a copy for your records.

◆ **Approval of Changes Which Affect Property Value**

We must approve any request for deletions or a change in value. We will issue an amended Notice of Value (NOV) and notify the lender or builder and (if applicable) the veteran.

SPECIAL SITUATION: Manufactured (Mobile) Homes

Overview

The project must be classified as real estate so that it can be appraised.

The project is considered to be Proposed Construction if the manufactured unit still has to be installed on the foundation. *The unit may be new or used.*

VA Requirements

The site and on-site improvements (not including the manufactured unit) must be completed and meet proposed construction MPR's, AND

the manufactured unit must be properly attached to a permanent foundation which is constructed to withstand both supporting (vertical) and wind-overturning (horizontal) loads, *and* be acceptable to the building authority having jurisdiction.

Other Reference Source

You may refer to the manufacturer's installation instructions (used to determine the permissible points of support for vertical loads, and points of attachment for the anchorage system used to resist horizontal and uplift forces).

Construction Exhibits Needed

- Specification for the Foundation
- Plot Plan
- Detail of the Mating Piers (for double wide units)
- Floor Plan and Exterior Elevations of the unit
- Photographs of the unit (unless the unit is on-site or appraiser can see at dealership)
- Details of the perimeter enclosure (in localities that require the underside of the unit to be completely enclosed)
- Revisions (as needed) to the manufacturer's installation manual to comply with local requirements
- Exhibits for any other improvements to be financed such as deck, patio, or garage

Required Inspections

First and third stage/final inspections are required, unless covered by a Ten year Insured Warranty Program so that only a Final Inspection is required. Second stage inspections are not generally required since manufactured homes are factory fabricated. Other Special Inspections may be needed.

Foundation Requirements (First Stage Inspection)

The following table lists each foundation component and related requirements.

Piers and Footings	<p>The load-bearing piers and footings must</p> <ul style="list-style-type: none"> ◆ be of sufficient size and number to distribute the weight of the manufactured home evenly ◆ be of materials acceptable to the building authority having jurisdiction, and ◆ when applicable, have footings which extend below the frost line.
Concrete Slabs or Continuous Footings	<p>Concrete slabs or continuous footings are acceptable in areas where their use is permitted by local building authorities. Steel anchorage devices must be cast into the concrete slab or footing and be capable of providing holding strength to resist horizontal and uplift forces.</p>
Anchoring Devices	<p>Anchoring devices, adequate to resist all loads, must</p> <ul style="list-style-type: none"> ◆ be attached to the main frame of the unit by a bolted, welded, or mechanical connector ◆ be placed at every supporting pier or as specified by the manufacturer, and ◆ extend into the pier footing. ◆ <p>Anchoring straps or cables affixed to ground anchors, other than pier footings, will not meet this requirement.</p>
Hurricane Ties	<p>Properties located in Wind Zone II or III (wind speeds in excess of 80 mph) must be provided with diagonal hurricane ties which have been properly engineered for the location, and comply with the requirements of the building authority having jurisdiction.</p> <p>Important: The installation procedures included in both the manufacturer's foundation instructions and <i>NCS BCS Handbook A225.1</i> are not generally adequate for manufactured homes in these areas.</p>
Flexible Connections for Seismic Activity	<p>Properties located in areas of high seismic activity require special foundation designs to compensate for the effects of ground movement and to provide flexible connections between the foundation system and the manufactured home and all utility connections.</p> <p>Building authorities in these areas should be consulted for acceptable design features and special code requirements.</p>

<p>Permanent Perimeter Enclosure</p>	<p>A permanent perimeter enclosure (not “skirting”) with a continuous foundation-type footing will be required only when specifically required by the local building authority. When required, it must be</p> <ul style="list-style-type: none"> ◆ designed to resist all forces which cause frost heave, soil settlement, or the shrinking or swelling of expansive soils without transmitting the movement or effects to the manufactured home, and ◆ properly secured to the perimeter of the manufactured home to exclude entry of vermin and water, and provide ventilation and a means of access to the crawl space.
<p>Moisture and Humidity Reduction</p>	<p>The reduction of moisture and humidity in an enclosed under floor space is required. Except in arid regions with dry soil conditions, a continuous moisture barrier that covers the natural or excavated ground surface within the perimeter enclosure of the home must be installed.</p> <p>Provisions should also be made to prevent water from entering the crawl space and for the control and diversion of surface water away from the manufactured home.</p>

Chapter 10

SPECIAL SITUATION: Specially Adapted Housing (SAH)

Inspection Procedures

The inspection procedures in Specially Adapted Housing cases are identical with those for other proposed construction cases.

Special emphasis should be given to the *adaptive features*. These features are also part of VA MPR's. Refer to the MPR list (Minimum Required Adaptations) below.

Contact our office for assistance when necessary. See Chapter 1, Contact Info.

SAH Inspection Reports and Invoices

Send your completed inspection report and invoice to the SAH agent who sent you the request.

Submit the reverse side of the *assignment letter* you received from VA as an invoice. Be sure to include your Social Security number or Tax ID number.

You may scan and email your information if you are e-commerce ready.

Minimum Required Adaptations

The convenience of the home for the veteran is the prime consideration. The veteran must not be isolated and must have access to the entire home, including the kitchen.

On a case-by-case basis we will waive a required adaptation if it is medically feasible.

◆ **General Accessibility**

- **Access** - There must be at least two means of access to the home, one of which is located so as not to expose the veteran to a potential fire hazard such as a kitchen, garage or utility room containing heating equipment.

In a low- or high-rise structure, one suitable means of access is acceptable; elevators, ramps and platforms may be used for elevation differences. The unit must also have a window large enough for outside evacuation.

- **Ramps** - Ramps must be permanently installed, be treated to prevent slipping when wet, and have a maximum slope of 8 percent. The minimum width is 3 feet 6 inches.
- **Railings** - Railings at a height between 2 foot 6 inches and 2 foot 8 inches must be provided if the height and length of the ramp present a possible hazard.
- **Platforms** - Each ramp must be headed at the top by a level platform which is freely accessible from the ramp. The platform must be of sufficient area to allow for turning the wheelchair and equipped with protective railings if the height of the platform

presents a potential hazard. The platform at the top of the ramp must be a minimum of 5 feet by 5 feet.

- **Thresholds** - There can be no difference in the elevation between the interior floor level and point of ramp entry or platform.
- **Doors** – must be minimum of 36 inches wide. For remodeling cases 32 inches is permissible.
- **Halls** - must be a minimum of 4 feet. For remodeling cases 42 inches is permissible.
- **Flooring** - Carpeting must be low pile and closely knit.
- **Passageways** - between the home and the garage, or carport, should be sheltered to prevent exposure of the veteran to inclement weather.
- **Garage and carports** - should be of sufficient width to allow unrestricted wheelchair maneuverability alongside the car. In lieu of a garage or carport there should be an adequate driveway width for wheelchair maneuverability.

◆ **Bathrooms**

- **Turning Area** - The bathroom design must provide a generous area for wheelchair maneuvering. The plans must show a 5 foot diameter clear turning circle.
- **Flooring** – Floor material must be non-slip under both wet or dry conditions.
- **Mirrors** - must be installed at a suitable level for wheelchair use. A lowered medicine cabinet (with mirror door) may suffice for this also.
- **Grab bars** - are required in the shower or tub unit and around the toilet.
- **Faucets** – for tub and shower must be accessible. Lever-type recommended.
- **Water pipes** - Water pipes, steam pipes, room radiators or similar items should be concealed or properly covered to prevent burns or abrasions.
- **Washbasins** - must be installed to provide wheelchair access (i.e. open underneath).
- **Shower** - must have no curb, lip or barrier between the shower and bathroom floor. The shower drain can be placed in a back corner. Minimum interior dimensions must be 4 foot by 4 foot without a permanent seat; add width for permanent seat.
- **Bathtub** - Some users may prefer a bathtub. Tub location must allow space for easy approach and be installed according to preference for right or left transfer.
- **Thermostatic controls** - must be installed to avoid sudden changes in water temperature

- **Toilets** - The seat should be raised, if necessary, for the veteran's convenience. Armrests must be installed and provision made for a suitable back support.

◆ **Safety Features**

- **Smoke Detectors** An automatic smoke detector, which may be a single-station alarm device, must be installed near the bedrooms. For proposed construction or extensive remodeling all smoke detectors must operate from the home's electrical circuit without disconnecting a wall switch and be permanently mounted to a standard electrical outlet or junction box on or adjacent to the ceiling. The existing smoke detector(s) may be battery operated.
- **Windows** - Windows should be operable from the wheelchair.
- **Wall Switches and Outlets** – Outlets must be a minimum 18 inches above the floor and switches must be maximum 48 inches above the floor.
- **Controls** - Fuse boxes, thermostats, and other utility and appliance controls should be within reach from the wheelchair.

Conditional Adaptations

- **Air conditioning** - may be required when the climate and nature of the veteran's disability dictate. At a minimum the vet's bedroom would have air conditioning.

Optional Adaptations

◆ **Kitchen**

- **Work Counter** - A work counter that is at least 3 feet wide, with space under the counter for wheelchair access.
- **Range** - A built-in range with open space underneath should be provided with controls situated toward the front or side for ease of access. The oven should be installed at a convenient height that is wheelchair accessible.
- **Cabinets and Storage** - should be wheelchair accessible. Pullout shelves are desirable. Revolving shelves, which are normally built in a corner, should be avoided unless there is easy wheelchair access.
- **Outlets and Switches** - Electrical outlets and switches for garbage disposal, fans, range hood lights etc should be placed within easy wheelchair reach.
- **Refrigerators** - Refrigerators should be placed for full wheelchair access when the door is open (doors should open a full 180 degrees). Bottom loading freezer units are recommended.

- **Sinks** – the sink should be open underneath, and the garbage disposal located to the rear. Pipes should be wrapped to prevent burns or abrasions. Faucets should be single lever type for ease of operation and water temperature control. There should be a hose spray unit.

◆ **Other**

- Zone Controlled Heating

CHAPTER 11

VA ADMINISTRATIVE ACTIONS

As you are our representative in the field, we are responsible for monitoring your *Performance* and *Conduct*.

Performance Oversight

We monitor and record your Performance by doing:

◆ **Desk Reviews**

All compliance inspection reports (VA Form 26-1839) are subject to review and modification by us.

We review to determine if:

- Any reported noncompliance items are correct, per the related plans and specifications and VA MPR's.
- Any "Substitutions or Deviations" as reported are (or are not) acceptable.
- The inspection report was completed and submitted in a timely manner

◆ **Field Reviews**

We will field review at least 10% of your work. We field review to determine:

- To the extent possible verify that the report describes the condition of the property or completion to approved plans and specifications
- Any deficiencies as noted were properly handled
- That the inspection report is otherwise acceptably completed

Negative Results

We classify an unacceptable inspection report as having either a Negative Work Quality Finding or Negative Timeliness Finding.

• **Negative Work Quality**

Non-Substantive – a reporting error having no impact on the actual condition or value of the property. Examples include incorrect address or lot number.

Substantive – a reporting error that misrepresents the condition or value of the property. Examples include fraudulent reporting, inspecting the wrong property, and missing MPR repairs.

- **Negative Timeliness**

Inspection assignments are untimely if completed in more than 24 hours from the date you receive the request.

Conduct Oversight

We monitor and investigate when necessary for deficient service and inappropriate conduct.

Examples include:

- Improper or unprofessional conduct (behavior which leads to a negative or adverse impact on other VA program participants)
- Repeated complaint calls and/or letters from program participants.
- Substantive violation(s) of established VA policies or procedures.
- A series of Non-Substantive Negative Work Quality findings, which in the aggregate would establish a pattern of careless or negligent performance.
- Technical incompetence (reports which reflect insufficient knowledge of construction principles, techniques, and practices).
- Continued disregard for VA requirements after you have been properly instructed.

Disciplinary Action

We implement disciplinary action as the circumstances dictate, with the intent of promoting correction of the deficiency or behavior. A *continuing pattern* of the same problem will call for a higher (more severe) level of action by us.

Possibilities include the following:

- **Written Admonishment:** A letter we send you which indicates the deficiency and (if necessary) the corrective measure(s) to take. The deficiency may be either an error in the report, or a “late” report, or both.
- **Counseling:** We conduct an informal meeting with you to discuss the problem(s). The focus is on resolving the problem(s), and *expectations*, rather than additional disciplinary action. Counseling is not disciplinary action per se, but is mentioned because it may be part of a process to initiate subsequent (more serious) disciplinary action later on.
- **Additional Field Reviews:** We field review a greater percentage of your reports, typically for a 12-month period. We do this to verify that previous significant errors have been corrected.

- Reduced Assignments: We may temporarily reduce the number of assignments you receive (usually 60 days maximum). On a longer-term basis we may adjust your area of coverage for us, which could reduce the number of assignments you receive.
- Limited Denial of Participation (LDP): We remove you from participation as a VA inspector (i.e. no assignments) for up to one year. An LDP applies only to our jurisdiction, but HUD and other agencies are notified and may reciprocate.
- Debarment and Suspension: We remove you from participation in all Federal nonprocurement programs, or as specified.

Suspensions may last up to 18 months. Debarment may last for three years.

If an LDP, Debarment or Suspension is being considered, *you are entitled to a hearing (with representation) to present evidence as to why it should be removed.*