

VA Notice of Value—NOV Explained

What is a NOV—Notice of Value? The NOV establishes value determination and appraisal related conditions to close the loan. A NOV is required on every VA appraisal. Before alerting the borrower that the appraisal is in and all is well, it's important to wait until the Underwriter has reviewed the appraisal and completed the NOV, just in case there are any red flags. As with a VA appraisal, the NOV is valid for six months.

Energy Conservation Improvements

For existing properties, a borrower may contact the utility company, or a reputable firm, for a home energy audit to identify needed energy efficient improvements, such as: solar or conventional heating/cooling systems, water heaters, insulation, weather stripping/caulking, and storm windows/doors, or other energy related improvements. The mortgage may increase by up to \$3,000 based solely on documented costs; or up to \$6,000 provided the increase in monthly mortgage payment does not exceed the likely reduction in monthly utility costs; or more than \$6,000 subject to a value determination by VA.

Wood Destroying Insect Information Termite

For existing properties, the property must be inspected at no cost to the veteran by a qualified pest control inspector. Any reported infestation or structural damage affecting the value of the property must be corrected to VA satisfaction prior to Closing. The veteran must acknowledge receipt of a copy of the inspection report. For new construction, we must obtain documentation to verify soil treatment.

Lien Supported Assessment

When the property is in a development with a mandatory membership in a HOA, we must ensure title meets VA requirements and the HOA assessments are subordinate to the first mortgage.

Condominium Requirements

We must ensure the condo is acceptable to VA and that any condo related special conditions or requirements are satisfied. Site Condos look just like a traditional, platted subdivision. Lot sizes, quality of homes and zoning restrictions are all identical. The only differences are technical – sites are divided and recorded by condominium documents rather than a plat.

Water/Sewage System Acceptability

Evidence from the local health authority or other source authorized by VA that the individual water supply and/or sewage disposal system are acceptable.

- A water quality test is required anytime there is a well present and hook-up to public water isn't available.
- Septic inspections are not required unless the Appraiser notes specific issues with the septic (usually an order or seepage).
- With a purchase, some states require a septic inspection, regardless if the Appraiser notes an issue or not.

Connection To Public Water/Sewage

Connection to public water and/or sewer is required when hook-up to public utilities is available/feasible, and if the local municipality requires. If the local municipality doesn't require hook-up, VA will not require.

Private Road Common-Use Driveway

The use of a private road or common-use driveway must be protected by a recorded permanent easement or recorded right-of-way from the property to a public road and a provision for continued maintenance must exist.

- Each property must be provided with a safe and adequate pedestrian or vehicular access from a public or private street.
- Private streets must be protected by a permanent easement and maintained by a homeowner's association or joint maintenance agreement.
- All streets must have an all-weather surface.

Flood Insurance

Flood insurance is required if any portion of the dwelling/improvement is located in a special flood hazard area (SFHA).

Note: VA will accept either FEMA's NFIP or private flood insurance. If the property is not in an area eligible to obtain flood insurance through FEMA's National Flood Insurance Program (NFIP), the borrower may obtain a private flood insurance policy.

VA Notice of Value—NOV (Continued)

'Airport' Acknowledgement

The appraisal report must identify any airport noise zone or safety-related zone in which the property is located. If applicable, the borrower must acknowledge that they are aware that the property is located near an airport and the aircraft noise may affect livability, value and marketability.

Repairs

We must be sure all required repairs are completed.

Local Housing-Planning Authority Code Requirements

All local housing or planning authority code requirements, if any, must be met.

New Construction

'Not Inspected' Acknowledgement

Borrower is aware that the home wasn't inspected by VA during construction.

Ten-Year Insured Protection Plan

We must ensure enrollment of the new property in a 10-year insured protection plan acceptable to HUD.

- On proposed or under construction cases, if the local authority doesn't issue a Certificate of Occupancy or equivalent and cannot provide evidence of the required inspections throughout construction, a 10-year insured protection plan will be required, (along with the standard 1-year VA builder's warranty).
- For cases completed as built less than 1-year and never occupied, the standard 1-year VA builder's warranty is required.

Energy Efficient Construction

We must obtain the builder's certification which identifies the new dwelling and states that it was constructed to meet the energy conservation standards of the Council of American Building Officials (CABO) 1992 Model Energy Code (MEC).

Lead/Water Distribution System

We must obtain the builder's certification which identifies the new dwelling and states the solders and flux used in construction did not contain more than 0.2% lead and that the pipes and pipe fittings used did not contain more than 8.0% lead.

Proposed Construction

At the time of issuing the NOV, a brief description of the subject property should be noted if appraised as proposed construction/under construction. Model name, bedroom count, bathroom count, GLA, and design should be noted.

Construction Warranty

The builder must provide the Veteran homebuyer with a 1-year VA builder's warranty (even if a 10-year insured protection plan is to be in place). When the new home was built less than one year ago and never occupied, the Veteran has a choice between and the standard 1-year VA builder's warranty.
⇒ Note: The 1-year VA builder's warranty is actually more inclusive in terms of what is covered.

Good to Know:

- ⇒ Inspections are valid for 90 days
- ⇒ Pest inspection is required for purchases and cash-out refinances, if applicable for the state
- ⇒ A property with a Well always requires a water test