



United States
Department of
Agriculture

Rural
Housing
Service

Oregon AN No. 1264 (1980)

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March 16, 2004

SUBJECT: Guaranteed Rural Housing (GRH) Program
New Construction Inspections and Compliance

TO: Rural Development Managers
Rural Development
Oregon

PURPOSE/INTENDED OUTCOME:

The purpose of this Administrative Notice (AN) is to provide guidance on Section 1980.340 (b) and (c) of RD Instruction 1980-D dealing with standards of financing a new dwelling with a loan guarantee. No significant changes since the last issuance of the notice have been incorporated.

COMPARISON WITH PREVIOUS AN:

This AN replaces Oregon AN 1235 (1980) issued August 27, 2002.

IMPLEMENTATION RESPONSIBILITIES:

Sections 1980.340(b) require that new construction be built in accordance with building plans and specifications and conform to RD thermal standards.

When a request for guarantee involves a proposed, under construction and existing less than one-year-old property, the Lender must see that the footing, framing and final inspections are made and evidence obtained. Inspections shall be done by a party the Lender determines to be qualified such as a HUD/FHA Inspector. The local authority construction inspections performed by the building municipality also meet the Lender required inspections indicated. Footing and framing inspections are not required when the builder supplies an insured 10-year warranty plan acceptable by RD.

EXPIRATION DATE:
March 31, 2005

FILING INSTRUCTIONS:
Proceeding RD Instruction 1980-D

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Complaints of discrimination should be sent to:
USDA, Director, Office of Civil Rights, Washington, DC 20250-9410

To comply with Section 1980.340(b)(2), Lenders must obtain a copy of a building permit. This satisfies the conformance for thermal standards set forth in Section 1980.340(b)(2)(i) as the State of Oregon thermal requirements meet or exceed part 1924 of RD Instruction. The review performed by the permit issuing governmental body satisfies the requirement to obtain an engineer or architect certification of the plans noted at Section 1980.340(b)(2)(ii).

The Lender is responsible for seeing that a One-Year Builder's Warranty is issued to the purchaser. The agreement should be signed and dated by the builder upon transfer of title. The builder may utilize RD Form 1924-19, "Builders Warranty", which can be obtained in a fillable format through the Internet at: <http://www.sc.egov.usda.gov/> or by accessing the RD regulation website at: <http://rdinit.usda.gov/regs/>. HUD-92544, "Warranty of Completion of Construction" (a fillable form at: http://www.hudclips.org/sub_nonhud/html/pdfforms/92544.pdf) or any other binding form deemed reasonable to warrant the home for the period indicated can also be utilized. A sample Form 1924-19 and form HUD-92544 is attached for reference.

The following summarizes the Lender's responsibilities involving newly constructed dwellings:

New Construction Compliance:

1. Copy - Building Permit
2. Inspections: (Local Authority Can Perform)
 - ◆ Footing Inspection
 - ◆ Framing Inspection
 - ◆ Final Inspection
3. One-Year Builders Warranty

If you have any questions regarding this Administrative Notice (AN), please feel free to contact Single Family Housing at (503) 414-3335.



LYNN SCHOESSLER
State Director

Attachments