

Federal Housing Commissioner

For Your Protection: Get a Home Inspection

Name of Buyer _____

Property Address _____

What the FHA Does for Buyers... and What We Don't Do

What we do: FHA helps people become homeowners by insuring mortgages for lenders. This allows lenders to offer mortgages to first-time buyers and others who may not qualify for conventional loans. Because the FHA insures the loan for the lender, the buyer pays only a very low down-payment.

What we don't do: FHA does not guarantee the value or condition of your potential new home. If you find problems with your new home after closing, we can not give or lend you money for repairs, and we can not buy the home back from you.

That's why it's so important for you, the buyer, to get an independent home inspection. Ask a qualified home inspector to inspect your potential new home and give you information you need to make a wise decision.

Appraisals and Home Inspections are Different

As part of our job insuring the loan, we require that the lender conduct an FHA appraisal. An appraisal is different from a home inspection. Appraisals are for lenders; home inspections are for buyers. The lender does an appraisal for three reasons:

- * to estimate the value of a house
- * to make sure that the house meets FHA minimum property standards
- * to make sure that the house is marketable

Appraisals are not home inspections.

Why a Buyer Needs a Home Inspection

A home inspection gives the buyer more detailed information than an appraisal--information you need to make a wise decision. In a home inspection, a qualified inspector takes an in-depth, unbiased look at your potential new home to:

- * evaluate the physical condition: structure, construction, and mechanical systems
- * identify items that need to be repaired or replaced
- * estimate the remaining useful life of the major systems, equipment, structure, and finishes

What Goes into a Home Inspection

A home inspection gives the buyer an impartial, physical evaluation of the overall condition of the home and items that need to be repaired or replaced. The inspection gives a detailed report on the condition of the structural components, exterior, roofing, plumbing, electrical, heating, insulation and ventilation, air conditioning, and interiors.

Be an Informed Buyer

It is your responsibility to be an informed buyer. Be sure that what you buy is satisfactory in every respect. You have the right to carefully examine your potential new home with a qualified home inspector. You may arrange to do so before signing your contract, or may do so after signing the contract as long as your contract states that the sale of the home depends on the inspection.

I understand the importance of getting an independent home inspection. I have thought about this before I signed a contract with the seller for a home.

X

Signature & Date

X

Signature & Date

NOTICE TO LENDER

All required repairs must be completed in a professional manner, in compliance with HUD's guidelines and satisfied prior to closing. The lender is responsible for coordinating repairs. A professionally licensed, bonded, registered engineer, licensed home inspector appropriately registered/licensed trade person, as applicable, must provide documentation that all deficiencies have been acceptably corrected upon completion of repairs.

SITE CONSIDERATIONS

VC-1 SITE HAZARDS AND NUISANCES

Check the appropriate response for *readily observable* evidence of hazards. Hazards, as defined below, are conditions that endanger the health and safety of the occupants and/or the marketability of the property. Use these criteria to determine the extent of the hazard. Please refer to HUD Handbook 4150.2 Section 2-2 for unacceptable locations and protocol in Appendix D of the Handbook for further guidance. If the required component is not visible during the site visit, provide a detailed comment.

Provide a description of yes responses on Page 4:

- a. Surface evidence of subsidence/sink holes
 yes
- b. Operating oil or gas wells within 300 feet of existing construction
 yes
- c. Operating oil or gas wells within 75 feet of new construction
 yes
- d. Abandoned oil or gas well within 10 feet of new/existing construction
 yes
- e. Readily observable evidence of slush pits
 yes
- f. Excessive noise or hazard from heavy traffic area
 yes
- g. New/proposed construction in airport clear zone
 yes
- h. High-pressure gas or petroleum lines within 10 feet of property
 yes
- i. Overhead high voltage transmission lines within engineering (designed) fall distance
 yes
- j. Excessive hazard from smoke, fumes, offensive noises or odors
 yes
- k. New/proposed construction in Special Flood Hazard Areas without LOMA or LOMR
 yes
- l. Stationary storage tanks with more than 1000 gallons of flammable or explosive material
 yes

PROPERTY CONSIDERATIONS

Mark "Yes" for any *readily observable* deficiency noted below. Each "Yes" constitutes a limiting condition on the appraisal. Each condition requires repair or further inspection. These conditions must be satisfied prior to closing for the mortgage to be eligible for FHA insurance. Please refer to HUD Handbook 4150.2 Section 3-6 for guidance on HUD's General Acceptability Criteria. Also, refer to the protocol in Appendix D of the Handbook for repair and inspection requirement parameters.

VC-2 SOIL CONSIDERATIONS

Check the appropriate response for evidence of environmental contamination.

Provide a description of yes responses on Page 4:

- a. On-site septic shows observable evidence of system failure
 yes no
- b. Surface evidence of an Underground Storage Tank (UST)
 yes no
- c. Proximity to dumps, landfills, industrial sites or other locations that could contain hazardous materials
 yes no
- d. Presence of pools of liquid, pits, ponds, lagoons, stressed vegetation, stained soils or pavement, drums or odors
 yes no

VC-3 GRADING AND DRAINAGE

Check the appropriate response for evidence of topographical problems.

Provide a description of yes responses on Page 4:

- a. Grading does not provide positive drainage from structure
 yes no
- b. Standing water proximate to structure
 yes no

VC-4 WELL, INDIVIDUAL WATER SUPPLY AND SEPTIC

Check the appropriate response with regard to individual wells and septic systems.

Provide a description of yes responses on Page 4:

- a. Property lacks connection to public water*
 yes no
- b. Property lacks connection to a public/community sewer system
 yes no

* Lender will require water testing for "yes" response.

NOTE: Connection should be made to public or community water/sewage disposal system. Estimate distance to sewer or water hook-up and whether hook-up is practical.

VC-5 WOOD DESTROYING INSECTS

Check the appropriate response for evidence of wood infestation.

Provide a description of yes responses on Page 4:

- a. Structure and accessory buildings are ground level and/or wood is touching ground
 yes no
- b. The house and/or other structures within the legal boundaries of the property show obvious evidence of active termite infestation
 yes no

VC-6 PRIVATE ROAD ACCESS AND MAINTENANCE

Check the appropriate response for evidence of Private Road Access and maintenance problems.

Provide a description of yes responses on Page 4:

- a. Property inaccessible by foot or vehicle.
 yes no
- b. Property accessible only by a private road or drive.*
 yes no
- c. Property is not provided with an all-weather surface (gravel is acceptable).
 yes no

*In all cases where a private road exists, submit evidence that _____

(name of road)

is protected by a permanent recorded easement non-exclusive, non-revocable roadway, driveway easement without trespass from the property to a public street/road) and that there is an acceptable maintenance agreement recorded on the property.

Provide a detailed description of the road's condition:

VC-7 STRUCTURAL CONDITIONS

Check the appropriate response for evidence of structural condition problems.

Provide a description of yes responses on Page 4:

Floor Support Systems

- a. Significant cracks
 yes no
- b. Evidence of water/leakage or damage
 yes no
- c. Rodent Infestation
 yes no

Framing/Walls/Ceiling

- d. Significant cracks
 yes no
- e. Visible holes in exposed areas that could effect structure.
 yes no
- f. Significant water damage
 yes no

Attic

- g. Evidence of holes
 yes no
- h. Support structure not intact or damaged
 yes no
- i. Significant water damage visible from interior
 yes no
- j. No ventilation by vent, fan or window
 yes no

VC-8 FOUNDATION

(Appraiser must have full access to these areas)
Check the appropriate response for evidence of foundation/basement or crawl space problems.

Provide a description of yes responses on Page 4:

Foundation/Basement

- a. Inadequate access
 yes no
- b. Evidence of significant water damage
 yes no

- c. Significant cracks or erosion in exposed areas that could effect structural soundness
 yes no

Crawl Space

- d. Inadequate access
 yes no
- e. Space inadequate for maintenance and repair (<18 inches)
 yes no
- f. Support beams not intact
 yes no
- g. Excessive dampness or ponding of water
 yes no

VC-9 ROOFING

Check the appropriate response for evidence of all roofing problems.

Provide a description of yes responses on Page 4:

- a. Does not cover entire house
 yes no
- b. Evidence of deterioration of roofing materials
 yes no
- c. Roof life less than two years*
 yes no
- d. Holes
 yes no
- e. Signs of leakage observable from ground (i.e. missing tiles)
 yes no
- f. Flat Roof**
 yes no

*HUD/FHA requires that the roof have at least 2 years remaining life. If the roof has less 2 years remaining life, then the appraiser must call for re-roofing or repair. The condition must clearly state whether the subject is to be repaired or re-roofed. FHA will accept a maximum of 3 layers of existing roofing. If more than 2 layers exist and repair is necessary, then all old roofing must be removed as as part of the re-roofing.

**All flat roofs require inspection.

VC-10 MECHANICAL SYSTEMS

(All utilities must be turned on at time of appraisal, if possible).

Check the appropriate response for evidence of mechanical system problems.

Provide a description of yes responses on Page 4:

Furnace/Heating System

- a. Unit does not turn 'On'
 yes no
- b. Warm air is not emitted
 yes no
- c. Unusual or irregular noises are heard
 yes no
- d. Smoke or irregular smell is emitted
 yes no
- e. Unit shuts down prior to reaching desired temperature
 yes no
- f. Significant holes or deterioration on the unit(s)
 yes no

Air Conditioning (central)

- g. Unit does not turn 'On'
 yes no
- h. Cold air is not emitted
 yes no

- i. Irregular noises are heard
 yes no
- j. Smoke or irregular smell is emitted
 yes no
- k. Unit shuts down prior to reaching desired temperature
 yes no
- l. Significant holes or deterioration on the unit(s)
 yes no

Electrical System

- m. Electrical switches do not turn 'On' or 'Off' (check representative sample)
 yes no
- n. Outlets do not function (check representative sample)
 yes no
- o. Presence of sparks or smoke from outlet(s)
 yes no
- p. Exposed wiring visible in living areas
 yes no
- q. Frayed wiring.
 yes no

Plumbing System

Toilet

- r. Toilets do not function
 yes no
- s. Presence of leak(s)
 yes no

Leaks

- t. Structural damage under fixtures
 yes no
- u. Puddles present.
 yes no

Sewer System

- v. Observable surface evidence of malfunction
 yes no

Sinks

- w. Basin or pipes leak
 yes no
- x. Water does not run.
 yes no

Water

- y. Significant drop or limitation in pressure
 yes no
- z. No hot water
 yes no

VC-11 OTHER HEALTH AND SAFETY DEFICIENCIES

Check the appropriate response for evidence of health and safety deficiencies.

Provide a description of yes responses on Page 4:

- a. Multiple broken windows
 yes no
- b. Broken or missing exterior stairs
 yes no
- c. Broken or missing exterior doors
 yes no
- d. Inadequate/blocked entrances or exits
 yes no
- e. Steps without handrails
 yes no
- f. The mechanical garage door does not reverse or stop when meeting reasonable resistance during closing
 yes no

- g. Please identify location of all health safety deficiencies, and not others not included in this or any other VC on the comment page.

VC-12 LEAD BASED PAINT HAZARD

For any home built prior to 1978, check for evidence of defective paint surfaces, including: peeling, scaling or chipping paint.

Provide a description of yes responses on Page 4:

- a. Evidence on interior
 yes no
- b. Evidence on exterior
 yes no
- c. Year built _____

If the home was built before 1978, check for a lead paint hazard. For all FHA insured properties, the seller is required to correct all defective paint in or on dwelling units built before January 1, 1978 in accordance with 24 CFR Part 35.

VC-13 CONDOMINIUMS AND PLANNED UNIT DEVELOPMENTS (PUD)

Provide a description of yes responses on Page 4:

- a. This project is not on FHA's approval list
 yes no
- b. The property does not meet owner-occupancy standards
 yes no
- c. The property does not meet completion standards
 yes no

ADDENDA

A. Provide the current full/market assessed value: \$ _____

B. Provide a summary of estimated repair costs: \$ _____

Please attached any additional information/reports and give number of attached pages.

Public reporting burden for the collection of information is estimated to average 30 minutes to complete the Comprehensive Valuation Package. This includes the time for the reviewing the associated Handbook and reporting the data. This does not include the requisite market research or the appraisal process. This agency may collect this information, and you are not required to complete this form unless it displays a currently valid OMB control number.

Privacy Act Notice: This information is required for the U.S. Department of Housing and Urban Development to endorse a single family mortgage and is used for underwriting purposes. The collection of this information is necessary to comply with HUD's Home Buyer Protection Plan. The information may be made available to a federal agency for review. This information is not confidential and will be made available to the public.

Case Number: _____

Property Address: _____

Important

NOTICE TO THE HOMEBUYER

Read Carefully

As part of our job insuring the mortgage for the lender, the FHA requires the lender to conduct an appraisal to:

- * estimate the value of your potential new home
- * make sure it meets *minimal* FHA standards
- * ensure that it will be marketable

Appraisals are different from home inspections. Home inspections give more detailed information about your potential new home.

This report is a summary of the observations of an appraiser who visited the property. If there was a problem, the appraiser answered "Yes" under "Problem".

If any condition is marked [yes], this means that the property you want to buy does not currently meet FHA's Minimum Property Standards. Until this condition is resolved, your lender may not provide you with an FHA insured loan consistent with FHA procedures.

You should speak to your lender about how this situation needs to be handled. You should also make sure that you are confident that the physical condition of this property meets all of your expectations.

For a copy of the full appraisal, contact your lender. If you have any questions, call us at **1-800-569-4287**.

Physical Condition	Problem (Y)	Comments
Site Hazards		
Soil Contamination		
Grading and Drainage Problems		
Well, Individual Water Supply and Septic Problems		
Wood Destroying Insects		
Private Road Access and Maintenance Problems		
Structural Deficiencies		
Foundation Deficiencies		
Roofing Deficiencies		
Mechanical Systems Problems		
General Health and Safety Deficiencies		
Deteriorated Paint		

The conditions listed above are reflected on the Valuation Conditions Form (Part 2 of the Comprehensive Valuation Package) of this appraisal. **The lender is required to transmit this Notice to the Homebuyer form to the buyer at least five business days prior to loan closing.**

X _____
 FHA Roster Appraiser Signature Robert Wessel ID Number Valuation Date

Homebuyer acknowledges receipt of Part 3: Summary:

X _____

X _____
 Homebuyer(s) Signature Date Received