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**Mortgage Tidbits**

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**Keeping you informed and in the know….**

**What Inspections are Required by FHA?**

An appraisal report is not to be confused with a home inspection. The appraiser is not a home inspector and is there to determine the overall value of the home. However, if the appraiser sees anything that could be a safety issue to the borrowers, they must report it and may require an inspection. They are also required to list any inspections that are mandatory by the state or local government on the appraisal report.

**Common Inspections and what prompts them:**

* **Termite**- not required unless the appraiser notes a problem or infestation.
* **Well & Septic**
  + A Septic inspection may be required if the Appraiser does not comment that the Septic appears to be in working order.
  + A Water test is always required for a private water source.
  + A Well Inspection will be needed if the appraiser does not note the specific HUD requirements are met if the well is a shared well system or if the appraiser notes it is needed
* **Underground Tanks-** if surface evidence of a leak is present, an appraiser may require an inspection
* **Manufactured Homes**
  + all Man Homes require an engineer’s certification stating that the foundation complies with HUD criteria.
  + If the home does not have the HUD Plate visible or the HUD Certification Documents posted, an IBTS Certification will be needed
* **Lead-Based Paint Repairs-** Houses built prior to 1978 require a lead-based paint disclosure to notify all borrowers of the lead-based paint. If the appraiser notes peeling or chipping paint, that must be corrected before the loan closes.

Once repairs are completed, an inspector must conduct a final inspection to determine if the repairs have been completed satisfactorily and eliminated any potential safety issues.

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