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Definitions used in our reports:

Each item has been assigned a quality rating based on the observations recorded by the inspector. The quality ratings are automatically assigned based on the observations made.

-  **Not working** Was not working or was abandoned at the time of the inspection.
-  **Satisfactory** No material issues have been observed. One or more cosmetic issues may exist.
-  **Marginal** The item is working, but has at least one concern that is beyond cosmetic.
-  **Safety Hazard** Has conditions that make operation of the item unsafe and is in need of Immediate Correction.
-  **Poor** Is operating, but has at least one major material defect concern with its operation.
-  **Not Inspected** Was not inspected. The reason is typically indicated.

The Basic Idea Behind FHA Requirements:

In order to use an FHA/HUD loan to buy a house, the property must meet the Department of Housing and Urban Development's minimum property criteria. FHA/HUD is primarily concerned with the functionality of the house and that there are no health and safety hazards. The basic idea for meeting FHA minimum requirements is that the systems on the property must be in functioning condition, working as it was designed to work. Any unsafe conditions should be corrected before attempting to qualify. There are several different types of properties that qualify for FHA financing. The building may be a detached residence, a semi-detached residence, a multiplex, a row house, or an individual condo unit. If the property is a condo unit, the entire condominium complex must be on the FHA's approved condo list. This list can be found on the HUD website. If a dwelling falls short of one of these requirements, that doesn't

necessarily mean the loan will fall through. Granted, some items are deal breakers. But most items can be repaired or remedied prior to closing.

To be eligible for FHA-insured mortgage financing the living space within the property must meet following requirements:

- Must have continuing and sufficient supply of safe and potable water under adequate pressure and of appropriate quality for all household uses.
- Must have adequate sanitary facilities and a safe method for disposing of sewage waste. Every living unit must have at least one bathroom, which must include, at a minimum, a water closet, lavatory, and a bathtub or shower.
- The living units must have adequate space for healthful and comfortable living conditions.
- They must also have heating adequate for healthy and comfortable living, along with domestic hot water (Min. 30 gal water heater with earthquake strap in place).
- The property should have adequate electricity for lighting, cooking, and for mechanical equipment used in the living unit.

FHA Minimum Requirements For Securing a Loan

(NOTICE: The list below was compiled & abridged from the HUD handbook, which covers the minimum property criteria for FHA purchases. This document contains paraphrasing, interpretation & plain English descriptions & does not claim to be the entire original document from HUD or FHA.)

(References - <http://www.fhahandbook.com/blog/fha-property-requirements> & FHA Handbook download page:<http://www.fhahandbook.com/handbook.php> HUD Handbook download page : <https://portal.hud.gov/hudportal/documents/huddoc?id=40001HSGH.pdf>)

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Check out this article: [Top 5 FHA appraisal problems and how to fix them](#)

These things may be noted in an inspection report:

1. **Safety Hazards :** Safety Hazards are listed in their own category & are considered serious defects even if they are easily corrected.

The inspector shall identify health, safety concerns. The property must be free of hazards which may adversely affect the health and safety of the occupants or the structural soundness of the improvements or which may impair the customary use and enjoyment of the property by the occupants (HUD 4905.1, 2-13) .

2. **Required Repairs:** Major maintenance items & items not working are labeled as being required to be repaired or replaced. This also includes items that if not corrected would devalue, contribute to the escalation of decay, or reduce the full enjoyment and usefulness of the property. In our report these may be labeled Major, Moderate or Minor concerns depending on the seriousness of the defect & the difficulty of correcting them. For example : Downspouts that are missing may be labeled as Minor because they are very easy to fix but in need of correction because if neglected, can cause water damage to the structure.

3. **Recommended Repairs:** These items are minor in nature and their lack of repair will not contribute to the deterioration or usefulness of the property. In our report they may be labeled as “**Minor**” or they may be listed as “**Cosmetic Defects**” or “**Observations**”. These items will be identified so as to inform the lender and the applicant of the recommended repairs. In some cases loan funds may be used for financing these repairs.

4. **Repair Standards:** If replacement or initial installation of an item is required, work must be in compliance with the 2000 International Residential Code and 1999 National Electric Code and local municipal codes and ordinances. If more than one provision is applicable in any given situation, the more restrictive requirement shall apply.

FHA’s Biggest Repair Concerns :

- **Health and safety issues.**
- **Protecting the security of the property.**
- **Structural soundness of the property.**

FHA Repairs / Replacements;

The following, if Needed Must Be Completed Prior to Closing

- Peeling paint in homes built before 1978.
- Unpainted downspouts and broken rain gutters.
- Rotting out-building in need of demolition.
- Exterior doors that do not properly close and open.
- Exposed wiring or bus bars and uncovered junction boxes.
- Major plumbing issues and leaks and/ or lack of proper sanitation.
- Inoperable HVAC systems.
- Leaky or defective roofs, roofs with a life expectancy of less than 3 years.
- Active and visible pest infestation.
- Rotting window sills, eaves, and support columns on a porches.

- Missing appliances that usually are sold with a home such as a stove or other built in units.
- Bedrooms without working egress through windows or bedroom windows with bars that do not release.
- Foundation or structural defects.
- Wet basements.
- Evidence of standing water in the crawl space.
- Inoperable kitchen appliances.
- Empty swimming pools, pools without a working pump and pools with mosquito larva.
- Ripped or missing screens.
- No pressure relief valve & or earthquake strap on water heater.
- Leaning / broken fence.

Additional Guidelines from the HUD Handbook

Here are some additional FHA property requirements and guidelines mentioned in the HUD handbook. *Note that this is paraphrased version.*

Encroachment

Lenders must make sure that the home being purchased (as well as its garage or other structures) do NOT “encroach onto an adjacent Property, right-of-way, utility easement, or building restriction line.”

Electric Power Lines

The Mortgagee (lender) must verify that overhead power lines do not pass directly over the home being purchased, or above related property improvements such as a swimming pool.

Access to the Home

The home must have a “safe pedestrian access” as well as sufficient “vehicular access” from a public or private street.

Swimming Pools

Swimming pools are permitted under current FHA property requirements, but the Mortgagee / lender must ensure that the pool complies with all local safety laws and ordinances. For instance, in some cities swimming pools are required to have a safety barrier of some kind. Such guidelines vary locally, so be sure to research your city, county and/or state ordinances.

Foundation

The FHA purchase property must have a stable foundation that is expected to remain serviceable for the life of the mortgage loan and is “adequate to withstand all normal loads imposed.”

Environmental

According to the 2016 HUD property requirements, the home must be free of all known environmental and safety hazards, or any other adverse conditions that would negatively affect (A) the health and safety of the occupants or (B) the structural soundness of the home. (Excessive durations of loud noises, bad smells, excessive dust, etc..)

Lead-Based Paint

The home must be completely free of lead-based paint, due to the [hazards](#) associated with such paint. This requirement often becomes an issue in older homes (particularly those built before 1978), since they are more likely to contain lead-based paint.

The presence of the following conditions may indicate unacceptable property condition:

Exterior Grading and Drainage

Presence of the following may indicate unacceptable property condition:

- Grading does not provide drainage away from structures
- Standing water near structures

Individual Water and Sewage Systems

Presence of the following may indicate unacceptable property condition:

- Private sewage system show evidence of system failure.
- Separation between well and septic drain field less than 100 ft, (75 ft may be acceptable if local authorities allow it.)
- Separation between well and property line is less than 10 ft. (If local authority requires greater distance that requirement must be met.)
- If property lacks connection to public water (Lender/jurisdiction may require water test & or connection to public water if feasible.)

Pests / Wood Destroying Insects

Presence of the following will require a termite or pest inspection and treatment if infestation is present:

- Structure is ground level and wood is touching ground
- House or other structure show obvious evidence of infestation
- Local jurisdiction requires inspection
- Inspection is customary to the area

Private Road Access

Presence of the following may indicate unacceptable property condition:

- Property inaccessible by foot or vehicle
- Property accessible only by private road without permanent recorded easements in place.

Floor Support Systems

Presence of the following may indicate unacceptable property condition:

- Significant cracks

- Evidence of water damage
- Evidence of spongy/weak/rotted flooring

Framing/Walls/Ceiling

Presence of the following may indicate unacceptable property condition:

- Significant cracks
- Visible holes in exposed areas that could affect structure
- Damaged plaster, sheet-rock, or ceiling materials in homes constructed before 1978
- Significant water damage

Attic

Presence of the following may indicate unacceptable property condition:

- Inadequate access to attic
- Evidence of holes
- Support structure damaged
- Significant water damage visible from interior
- No ventilation by vent, fan, or window

Basement

Presence of the following may indicate unacceptable property condition:

- Blocked or inadequate basement access
- Evidence of significant water damage, presence of pooling water.
- Significant cracks or erosion in exposed areas that affect structural soundness

Crawl Space

Presence of the following may indicate unacceptable property condition:

- Blocked or inadequate crawlspace access
- Space inadequate for maintenance (recommended 18 inches)
- Support beams not intact
- Excessive dampness or ponding of water

Slab

Presence of the following may indicate unacceptable property condition:

- Significant cracks that could affect structural soundness

Roof

Presence of the following will require a roof inspection and possible repair:

- Missing tiles, shingles, flashing, gutters, drip edge, etc...
- Signs of leakage

Furnace/Heating System

Presence of the following may indicate unacceptable property condition:

- Unit does not turn on
- Heat is not emitted
- Unusual noise
- Smoke or irregular smell
- Significant holes or deterioration on unit

Electrical System

Presence of the following may indicate unacceptable property condition:

- Electrical switches don't work
- Outlets don't work
- Presence of smoke or sparks from outlet
- Exposed, frayed or unconnected wiring
- Lack of required GFC & or AFCI in newer houses.

Plumbing System

Presence of the following may indicate unacceptable property condition:

- Significant drop or limitation in water pressure
- No hot water
- Toilets don't function or have been removed
- Toilet leaks
- Sinks/bathtub/shower leaks (very minor leaks may be acceptable)
- Sinks/bathtub/shower does not work or have been removed
- Swimming pools not operational, in bad repair, not maintained, or cause a hazard.

Paint

Presence of the following may indicate unacceptable property condition:

- Chipped or peeling paint on interior or exterior of home and/or structures and improvements if home built before 1978.

- Chipped or peeling paint on exterior surfaces if finish is unprotected (ie, bare wood) if home built after 1978.

Other

Presence of the following may indicate unacceptable property condition:

- Missing or inoperable exterior doors (should close properly & lock)
- Broken or missing stairs or safety & hand railings.
- Absence of built-in appliances

Our Disclaimers:

a. **Checklist Limitations:** This checklist is not inclusive of all the inspection criteria that is required and only refers to specific information that applies to FHA/ HUD at the time of its publication. Items on this check list may note contain recent changes made by HUD/FHA.

b. **Conflicting Requirements:** If more than one code requirement is applicable in any given situation, the more stringent requirement shall apply.

c. **Interpretation :** This list is an abridged interpretation & is compiled in good faith as an overview for convenience & is not a replacement to the official FHA/ HUD list of requirements list. If you have questions or concerns please contact your local FHA/ HUD office or see the *Single-Family Housing Policy Handbook* at the link :

<https://portal.hud.gov/hudportal/documents/huddoc?id=40001HSGH.pdf>) & FHA Handbook : <http://www.fhahandbook.com/handbook.php>



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