

What does an FHA appraiser look for?

FHA is primarily concerned that everything in the house functions properly and that there are no health and safety issues. The basic concept of meeting FHA minimum requirements is that everything must work as it was designed to work. For example, a window that is supposed to open must open, and a built-in appliance should do what that appliance is supposed to do. If you have a sliding glass door with a lock on the handle, the lock should work.

Here is a general list of what an FHA appraiser looks for during an inspection:

- Utilities should be turned on so the appraiser can test systems and appliances.
- Appliances must function properly.
- There should be proper drainage around the perimeter of the house.
- The heating unit must be in working order (and AC if applicable).
- Water pressure must be adequate for the house. Appraisers flush toilets, turn on all faucets and ensure that both hot and cold water are working.
- The water heater must be in working order and strapped according to local code.
- Attics and crawlspaces are to be viewed at minimum from the shoulder up by the appraiser. When viewing the attic, appraisers make sure there are vents, no damage, no exposed or frayed wires, and that sunlight is not beaming through. When inspecting the crawl space, appraisers make sure there are no signs of standing water or any other foundation support issues. Excessive debris in the attic or crawl space should be removed.
- Paint must not be chipping, peeling, or flaking on homes built before 1978 because of the danger of lead-based paint (lead was used in paint prior to 1978). However, there must be no defective paint or bare wood for properties built after 1978 because defective paint impacts the economic longevity of the property. Defective paint should be scraped and re-painted (with no wood chips on the soil).
- Electrical outlets must work (outlets should have a cover plate also).
- Toilets must flush and be mounted.
- Any active termite infestation needs to be cured.
- Minor cosmetic issues such as stained carpet or a need for interior paint are okay. The house does not have to be perfect, but if there are issues that impact health and safety or the long-term economic viability of the property, then those issues must be cured.
- Windows must open and close and they cannot be broken. Minor cracks can be okay so long as there is not an issue with safety, soundness and security.
- No dangling wires from missing fixtures or anywhere else.
- FHA doesn't require air conditioning, but if present the system should work as intended.
- Smoke detectors & carbon monoxide detectors are required insofar as required by local code
- The firewall from the garage to the house should be intact. Missing sheetrock, a pet door installed in the door, a lack of self-closing hinges, or a hollow door could pose a safety issue.
- A roof should not be leaking and needs to have at least two years of economic life left.
- A house will be rejected if the site is subject to hazards, environmental contaminants, noxious odors, or excessive noises to the point of endangering the physical improvements or affecting the livability of the property (this isn't an issue for the vast majority of properties).
- A trip hazard is a subjective call to make by the appraiser and not necessarily an automatic repair, but if there is a legitimate safety issue it should be called out by the appraiser.
- There are things any appraiser will call out in an FHA appraisal, but there are times when appraisers have to consider how the spirit of FHA might apply in a situation. FHA is black and white on many issues, but other times appraisers simply need to use good judgment.

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10 Things You Might Not Know About FHA Appraisal Guidelines

1. **Open up that Attic:** If there is an attic, the appraiser is required to do a “head and shoulders” inspection of the attic – even if the attic access has been sealed off by the home owner. If the attic has been sealed, it will have to be opened up again for the appraiser to safely be able to inspect the attic.
2. **Hoarder Inspection:** If the appraiser cannot see the floor or walls due to debris, the owner will have to clean things up so the appraiser can do a proper visual inspection of the property.
3. **Layers of Roofing:** 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 part of the re-roofing.
4. **The Whole Enchilada:** Every structure within the parcel lines has to meet FHA minimum property standards. This means if there is a barn with a defective paint surface, broken window or any other FHA issue, it’ll need to be addressed. FHA standards don’t just apply to the main house.
5. **Zero Value:** There is no such thing in the FHA world for a certain feature or structure on a property to be given “zero value”. For example, despite a buyer, seller and agents agreeing that the run-down garage is not included in the sale, that’s not the way the appraiser will look at it. FHA would say the garage has to have a use of some sort.
6. **Graffiti Removal:** FHA states graffiti on the house must be removed because it is a safety issue.
7. **Old Comps:** Appraisers cannot use comparable sales (“comps”) older than 12 months prior to the date of value. So if you share “comps” with an appraiser, they should be recent sales.
8. **Pool Issues:** Each county or city has specific requirements for pool safety, so FHA will bow to local authority on their standards for pool safety. There is no one universal standard for all states, so it’s all about local standards. However, no matter what the pool should be filled so the appraiser can verify if the pool equipment is working or not. Likewise, if the water is green, it can be deemed a health and safety issue, but it’s also a sign that the equipment might not be working (remember, everything has to work).
9. **Pet Door:** If there is a pet door installed in the firewall door from the garage to the house, it is a breach of the firewall door. While it’s convenient for Fido, it’s a safety issue.
10. **Subjective Issues:** There are certain things appraisers will call out in an FHA appraisal, but there is also subjectivity involved where appraisers are going to consider how the spirit of FHA might apply to a certain situation. After all, there are so many unique homes and interesting property characteristics out there. This means it’s not always possible to make one rule that will apply to every single property. Appraisers therefore have to ask questions like: Is it working like it is supposed to work? Is this a health or safety issue? Will this issue negatively impact the marketability of the property?

If you have questions about FHA, contact a local FHA appraiser or HUD consultant. You can also try calling 800-CALL-FHA (you may get a different answer depending on who you talk to though).

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