

FHA Property Requirements

This section of the website is here to help you understand what the FHA does and does not require in regard to the condition of a property being purchased using an FHA loan. The guidelines have changed in this area as the FHA has loosened up on its property requirements. As a result there are many different "ideas" floating around about what the FHA's minimum property standards are. We want to make sure that we present the facts to you.

REPAIRS:

Section 1103 – "FHA has shifted from its historical emphasis on the repair of minor property deficiencies and now only requires repairs for those property conditions that rise above the level of cosmetic defects or normal wear and tear."

AS IS:

Section 1103 – "FHA now permits "as-is" appraisals [on property] when minor property deficiencies, which generally result from deferred maintenance and normal wear and tear, do not affect the safety of the occupants or the security and the soundness of the property. FHA no longer requires repairs for these types of minor cosmetic deficiencies."

Examples of conditions not necessitating repair include but are not limited to:

- Missing Handrails
- Cracked or damaged exit doors that are otherwise operable
- Cracked window glass
- Defective paint surfaces in homes constructed post 1978
- Minor plumbing leaks (such as leaky faucets)
- Defective floor finish/covering
- Evidence of previous (non-active) Wood Destroying Insect/Organism damage
- Rotten or worn-out countertops - Damaged plaster, sheetrock or other wall and ceiling materials in homes
- Poor workmanship
- Trip hazards
- Crawl space with debris
- Lack of all-weather driveway surface

Examples of property conditions that the FHA will require repair include but are not limited to:

- Inadequate access/egress from bedrooms to exterior of homes
- Leaking or worn out roofs
- Evidence of structural problems
- Defective paint surfaces in homes constructed pre-1978
- Defective exterior paint surfaces in homes post 1978 where the finish is otherwise unprotected

"If the appraisal reports a potential property deficiency that may pose a threat to the safety of the occupants or the security and soundness of the property the lender will require an inspection of the condition to determine whether repairs are necessary to resolve the problem."

Examples of conditions that will continue to require inspections include but are not limited to:

- Standing water against the foundation and/or excessively damp basements
- Hazardous materials on the site or within the improvements
- Faulty or defective mechanical systems (electrical, plumbing or heating)
- Evidence of possible structural failure (e.g. settlement or bulging foundation wall)

APPLIANCES:

FHA states that the property must have a "Space" for cooking. There is no specific requirement as to how the food is to be cooked or stored. So they do not have any special requirement for the type or presence of appliances. However FHA does defer to local law to ensure that appliances meet local code regarding proper amperage.

FHA requires that if the property does have appliances they must be in working order. If your clients are purchasing a home that contains appliances that do not work and the seller is not willing to fix, it would be best to ensure the removal of the non-working appliances prior to the appraisal. This would be in compliance with FHA guidelines.

AIR CONDITIONING (UTILITY):

FHA defines the Heating/Air Conditioning unit as a utility and NOT an appliance so different rules apply. FHA only requires that the heating unit works and is able to heat the house. They do not require that the A/C unit work. Apparently the individuals that wrote these rules have never visited Phoenix in the summertime....or spring....or fall.

POOL:

FHA requires a home with a pool to have a working pool pump that is able to circulate the pool water. They also require that the pool has enough water in it so that the pump can effectively circulate the pool water.

FHA does not specifically test the water nor does it have a certain requirement as to the clarity to the water. They do however open up a gray area by stating that the level and quality of the water in the pool must not pose a health or safety risk. I.E. no mosquito infestations or algae!! J

INSPECTION REQUIREMENTS:

Section 1103 – "FHA no longer mandates automatic inspections for the following items and/or conditions in existing properties:"

- Wood Destroying Insects/Organisms – TERMITES
- Well (individual water system)
- Septic
- Flat and/or unobservable roof

The basic rule that FHA abides by is that the property must be habitable and safe for the occupants. The FHA no longer requires many repairs that they used to. They have standardized their appraisal requirements to include that only conditions that affect the structural soundness of a property and the safety of the occupants be repaired. In addition FHA does NOT require any inspections for termites, wells, septic systems and flat or unobservable roofs. They also do not generally require any special inspections other than an appraisal by an FHA licensed appraiser.

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