

FHA Home Inspection Checklist and Guidelines: 2014 Update

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Reader Question: “I have heard that a lot of borrowers these days are using FHA home loans to buy a house. My home is about twenty years old, and I want to make sure it will ‘pass muster’ with the inspector. How can I make sure my house will pass inspection for one of these loans? What are the basic FHA home inspection guidelines and requirements in 2014? Is there a checklist I can use? Any help would be much appreciated.”

You’re right. A higher percentage of home buyers are using FHA loans in 2014. These are mostly people who can’t qualify for a conventional mortgage for one of two reasons. They either (A) can’t come up with a large enough down payment, or (B) can’t meet the credit score requirements. In both cases, the Federal Housing Administration’s loan program is sometimes the only option they have.

You Can Use HUD Handbook 4150.2 as a Checklist

If you do a Google search for *FHA home inspection guidelines*, you probably won’t find what you need. At least not right away. That’s because HUD uses different terminology. They refer to these as property and valuation requirements. The handbook you need has an even more esoteric name — it’s called the “*valuation analysis for single-family dwellings*.” You never would’ve thought to Google that, would you?

The Department of Housing and Urban Development (HUD) manages the FHA loan program. This federal department is also responsible for establishing all inspection requirements, property standards, and appraisal guidelines. The problem, from a FHA Home Inspection Checklist and Guidelines: 2014 Update – The Housing Blog Page 1 of 6 (<http://www.homebuyinginstitute.com/mortgage/fha-inspection-guidelines/5/27/2016>) home buyer’s or seller’s perspective, is that these guidelines are spread across several handbooks and documents. And they are written for mortgage lenders and property appraisers — not consumers.

The closest thing you’ll find to an FHA home inspection checklist is **HUD Handbook 4150.2**, *Valuation Analysis for Single Family One- to Four-Unit Dwellings*. Chapter 3, entitled “Property Analysis,” explains what appraisers must look for when inspecting a home that is to be financed with an FHA-insured loan. You can find this document online, and download it in PDF format, with a quick Google search. As you read through Chapter 3 of this handbook, you’ll soon realize that most of the items relate to the **health and safety** of the homeowner. That is HUD’s primary concern, when it comes to FHA inspections and appraisals. The inspector will look for hazardous conditions, items in disrepair, and the like. He will assess the overall condition of the property, with an eye toward health and safety. And that brings us to another important point, and one that causes a lot of confusion among buyers and sellers...

With FHA Loans, the Home Appraisal *Includes* a Basic Inspection

HUD requires a home appraisal for all FHA loans. But they do *not* require a full home inspection. And here’s the part that causes confusion: The HUD-approved appraiser will also perform a basic inspection of the property, to make sure it meets all of the requirements outlined in Handbook 4150.2. He will make a list of any discrepancies,

along with the required correction. So he performs “double duty” in this regard. He is determining the **value** of the property, as well as assessing the overall **condition**. But HUD does *not* require a full inspection to be completed by a licensed home inspector. They strongly encourage it — but they don’t require it. If you use an FHA loan to buy a house, you will have to read and sign a HUD disclosure about home inspections. This document must be signed and included within your application file. Here is what the disclosure says:

Appraisals are for lenders; home inspections are for buyers. The lender does an appraisal for three reasons: (1) to estimate the value of a house, (2) to make sure that the house meets FHA minimum property standards, and (3) to make sure that the house is marketable...

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Page 2 of 6 <http://www.homebuyinginstitute.com/mortgage/fha-inspection-guidelines/5/27/2016>. This is why the Department of Housing and Urban Development does not have an official FHA home inspection checklist. They do not require a full inspection.

They *do*, however, require the appraiser to inspect certain health-and-safety items, and to assess the overall condition of the property. They appraiser also determines the value of the home, using recent sales data and other tools. Think of it this way:

- His primary mission is to determine the current market value of the property.
- His secondary mission is to make sure the home meets all of HUD’s guidelines.

Overview of 2014 FHA Inspection Guidelines

HUD Handbook 4150.2 includes most of the FHA inspection requirements for 2014. Most of them relate to the structural soundness and safety of the property.

Here are some highlights:

- *The Roof* — the appraiser will check to make sure the roof is in good repair. It must have at least three years of life remaining. If you live in a place that gets snow in the winter, he will also check the roof and attic for signs of damage and/or leaks. The house must have easy access to the attic space. The attic, if there is one, must be ventilated in some way.
- *Heat / Electrical* — the electrical system can use either fuses or circuit breakers, as long as it’s properly rated with no exposed wiring. The house must have a main shut-off breaker that cuts all power to the house. All rooms must be heated in some way (this does not include hallways). If you’re using a wood stove as a heat source in one of the rooms, the stove must be permanently mounted and capable of sustaining at least 50 degrees Fahrenheit.
- *Water Heater* — It must have a non-adjustable temperature and water-relief pressure valve. It must also comply with building codes for your city or county.
- *Foundation* — if your foundation leaks into the basement or bottom floor, you’ll need to fix it. The basement must be dry and free of structural defects. FHA Home Inspection Checklist and Guidelines: 2014 Update – The Housing Blog
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- *Crawl Space* — if your home has a crawl space beneath it, there must be adequate access to the space. The crawl space must have some form of ventilation. You’ll need to remove any debris that’s under there, too. You’ll want to read these related articles as well:

- 2014 FHA House / Property Requirements
(<http://www.homebuyinginstitute.com/mortgage/fha-propertyrequirements-476/>)
- 2014 FHA Home Appraisal Guidelines
(<http://www.homebuyinginstitute.com/mortgage/fha-appraisal-guidelines-475/>)

Where to Learn More

These are obviously not the only FHA home inspection checklists and requirements in 2014. These are just some of the more common discrepancies found by inspectors. To learn more about this subject, you can refer to the official HUD handbook mentioned earlier. You may also wish to read the two articles presented above. Also note that the Department of Housing and Urban Development maintains a counseling program for home buyers. There are HUD-approved housing counselors located across the country. They offer counseling for little or no cost.

Is Your Roof Leaking?

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