

Common Repairs Required for FHA Mortgage Loans

When you pursue a Home Equity Conversion Mortgage (HECM) loan, your lender will require an appraisal of your home. Unlike home appraisals you may have encountered in the past, the appraisal for a HECM loan serves two purposes:

1. To find out the market value of your home.
2. To inspect your home to ensure it meets Federal Housing Administration (FHA) requirements for repair and safety.

In your home's appraisal report, the HUD-certified appraiser will include the findings of the inspection, including a list of "deficiencies." These deficiencies are repairs that must be made for the health and safety of residents or for the marketability of the home. Some homeowners complete needed repairs before an appraisal occurs; however, if you can't make repairs before the appraisal, your loan officer may be able to offer options to finance the cost of repairs into your HECM loan.

Following are some of the most common repairs a HUD-certified appraiser may identify that require repair for the HECM loan.

1. For homes built before 1978, chipping and peeling paint must be scraped and repainted. This includes both the interior and exterior of the home as well as, garages, sheds, fences, and other identified areas.
2. Any "useful components" of the home, such as appliances, floor coverings and roof, should have at least two years of useful life remaining. A roof with three layers of shingles that does not have two years of useful life will need re-roofing.
3. Broken or inoperable windows and doors should be replaced.
4. Negative drainage around the home's exterior must be repaired so water drains away from the house (e.g., grading around the foundation, installation of gutters, French drains or other drainage systems).
5. Health and safety hazards must be addressed. For example, garage door openers must reverse automatically and stop when they meet resistance, and burglar or security bars must have a quick-release mechanism. GFIC electrical outlets are not an FHA requirement.
6. Inoperable or abandoned wells must be capped and sealed by a licensed well-sealing contractor.
7. Safety handrails must be installed in open stairwells of three or more stairs.
8. Pest infestations of any kind should be exterminated, such as insects, mice and bats.
9. Heating, electrical and plumbing systems must be functioning. Damaged or inoperable systems must be repaired or replaced.
10. Problems with the home's structural framing, masonry or foundation must be repaired.
11. Flammable storage tanks must be removed and filler cap sealed from outside (e.g., buried oil tanks).
12. Crawl spaces must be thoroughly inspected. If your home has a crawl space, it must be accessible to the appraiser for inspection.

This list gives an idea of the most common repairs. The appraiser may identify other issues or problems that also might need repair or replacement. If you have questions about your appraisal, please contact your loan officer for more information.