

Property Condition Questions

The following are great questions to ask your client about items that may affect their loan. Please note that the answer to these questions **does NOT** necessarily disqualify the client from obtaining a loan, it may simply be an item that needs to be addressed.

GOOD TO KNOW PROPERTY ITEMS

1. Is the home listed for sale or has it been listed for sale in the last six months?
The lesser of the two values – appraised value or listing value – will be used.
2. Are there any HOA dues?
This must be factored into the residual income.
3. Is there any income or loss derived from the property?
This must be factored into the residual income. It can also affect the property type eligibility.
4. Does the home share any walls with neighbors?
Property type will not be detached SFR.
5. Are all the rooms/outbuildings fully accessible to an appraiser (including crawl spaces and attics)?
Appraisers need to have access to inspect the areas.

POSSIBLE REPAIR SET ASIDE (RSA)

Depending on the extent of the damage or repairs, these items may be allowed for a RSA:

1. Is there decaying/rotting wood or missing siding?
2. Is there any chipped or peeling paint?
3. Is anything unfinished, under renovation, or in a temporary state?

POSSIBLE REPAIR REQUIRED BEFORE CLOSING

The following property items will most likely be required to have been addressed prior to close, as they could pose a Health and/or Safety issue.

1. Is the foundation sinking, uneven, crumbling, unsound, or the like?
2. Are there any active roof leaks or missing shingles?
3. Are there exposed electrical wires or missing switch plates?
4. Are there any visible water stains or standing water?
5. Are there any missing, broken, or unsecured handrails (including on decks)?
6. Are there broken, damaged, and/or missing windows?
7. Is there any subflooring exposed in the home?

POTENTIAL SHOW STOPPERS

1. Are the utilities on and fully functional?
All utilities must be on and working and have a permanent heat source.
2. Is the home located within 300 feet of a gas station?
Eligible properties cannot be located within 300 feet of a gas station or the gas station reservoir.
3. Is the property set up for business or commercial use?
Property cannot have more the 25% of the gross living area dedicated to commercial business.
4. Is the home unique in structure/feature/shape to property?
Must have 2 like comps within a reasonable distance i.e., Geo-dome home, Log Cabin, etc.