

## External Circular

### Appraisal Reporting Requirements FHA Attic and Crawl Space Inspection Requirements – Reminder

Circular No.: 2012-24-E Date: August 23, 2012  
Distribution: Staff Appraisers/Reviewers Effective: August 23, 2012  
Fee Appraisers  
Vendor Management Companies

All LandSafe appraisers completing Federal Housing Administration (FHA)/Housing and Urban Development (HUD) appraisal reports for LandSafe and Bank of America are reminded they must inspect **Attic and Crawl Spaces** in accordance with the inspection requirements established by FHA/HUD.

This circular provides guidance for appraisers who accept and complete **FHA/HUD** appraisal assignments. It also provides guidance for those completing Pre-Delivery Quality Control (PDQC) reviews to ensure these items are properly reported in the appraisal report.

### FHA Property Inspection

#### FHA Inspection Requirements

An **FHA/HUD** property inspection is completed in accordance within these requirements and is visual and is not technically exhaustive. These requirements are applicable to one to four residential dwelling units.

#### Attic Inspection

The requirement to examine the **attic** for **FHA/HUD** is **not** a new requirement nor has the requirement changed.

The **attic** must be entered, at a minimum, by head and shoulders, whether access is by pull-down stairway or scuttle. Size of the scuttle and accessibility of the attic dictate the level of entry.

Enter the **attic** and observe the interior roofing for, deficient materials, leaks, insulation, readily observable evidence of significant water damage, structural problems, previous fire damage, fire retardant treated (FRT) sheathing, exposed and frayed wiring, vermin and insect infestation and adequate ventilation by vent, fan or window.

If any of these deficiencies exist, condition the appraisal “subject to repair” and/or “subject to inspection”.

#### Crawl Space Inspection

The requirement to examine the **crawl space** for **FHA/HUD** is **not** a new requirement **nor** has the requirement changed.

The appraiser will enter the **crawl space** (at a minimum entry of the head and shoulders) to observe conditions except when access is obstructed, when entry could damage the property, or when dangerous and adverse situations are suspected. In any event, the **crawl space** and accessibility dictates the level of entry. Any observed inadequacies must be noted within the appraisal, and made “subject to repair” if they

## FHA Property Inspection

present a health and safety hazard or “subject to inspection” if structural integrity is questioned.

There must be adequate access to the **crawl space** for inspection. Access is defined as ability to visually examine all areas in the **crawl space** by way of a head and shoulders inspection. The appraiser is not required to disturb insulation, move personal items, furniture, equipment, plant life, soil, snow, ice or debris that obstructs access or visibility.

Inspection of the **crawl space** ensures against conditions that could cause the property to deteriorate and seriously affect the marketability of the property. It is required that the appraiser:

- Check the distance from the bottom of floor joists to the ground. A minimum distance of 18 inches from the ground to the bottom of the joists is recommended by FHA/HUD but not mandated.
- The floor joists must be sufficiently above ground level to provide access for maintaining and repairing ductwork and plumbing. Check for insulation and ventilation, or for any structural problems. The support beams should be intact and of structural soundness.
- The **crawl space** must not be excessively damp, must not have any water ponding and must be properly vented.

### Manufactured Home Crawl Space Inspection

If any of these deficiencies exist, condition the appraisal “subject to repair” and/or “subject to inspection” and explain with adequate analysis.

If the manufactured home features skirting placed between the bottom of the home and the grade of the supporting ground, indicate the material type of the skirting. Note that **FHA/HUD** requires a properly enclosed **crawl space** (if **crawl area** with no basement) with a continuous perimeter enclosure of a permanent foundation-type construction (i.e., poured concrete, block, brick, stone, treated wood, vinyl, fiberglass etc.). The appraiser should rate the observed condition.

If the manufactured home has a **crawl space** and lacks a continuous perimeter enclosure of a permanent nature, note and prominently highlight this absence. Note whether enclosed crawl area has adequate access and ventilation.

### Ventilation

Natural ventilation of structural space, such as **attics and crawl spaces**, must be provided to reduce the effect of excess heat and moisture that are conducive to decay and deterioration of the structure.

All **attics** must have ventilation to allow moisture and excessive heat to escape. The appraiser must check the attic areas to determine whether the ventilation is adequate.

If ventilation is not provided, or appears inadequate mark the appraisal “subject to repair” or “subject to inspection” and explain with adequate analysis.

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### Inspection Impediment

It is the homeowner/seller's responsibility to provide clear access to the **attic and crawl space** areas. In the event the appraiser is barred or unable to visually evaluate the improvements in their entirety, notify LandSafe that a second inspection will be necessary, and reschedule with the entry contact a time when a complete visual inspection can be performed. This includes access to the **crawl space and attic**. The appraiser is not required to disturb insulation, move personal items, furniture, equipment, plant life, soil, snow, ice or debris that obstructs access or visibility.

If the property condition or **attic and crawl space** inspection requirements are not met, mark the appraisal "subject to repair" or "subject to inspection" and explain with sufficient comments and photograph exhibits.

The appraiser may consider determining the property inspection requirements prior to inspection by way of online data and interviewing the borrower when making the telephone appointment for inspection with the borrower, sales agent, contact person, etc.

### LandSafe Unacceptable Appraisal Practices (UAPs)

LandSafe will not accept appraisals that are misleading (through omission or commission), discriminatory, biased or falsified.

UAP #4 Property Condition Not Adequately Addressed

AS IS value concluded, when subject property is not livable due to health, safety, or structural soundness issues (does not apply to REO assignments).

Examples include, but are not limited to: Incomplete construction and structural integrity of roof or walls that are compromised.

### Photo Requirements

LandSafe requires a photograph of the **attic area and crawl space** from a head and shoulders perspective or view. In the event certain adverse property conditions exist in the attic or crawl space, photographs should be taken to support the related comments and analysis, and to help the reader better understand the extent of the adverse conditions.

### Resolution Customer Assistance Team

If you have questions regarding FHA property inspection reporting requirements, contact the Resolution Customer Assistance Team at 1.800.341.6033.

### Safety and the Appraiser

Inspection of a property may pose a safety risk to the Field Appraiser. Access to the attic may be by way of a traditional stairwell, drop stairs, scissor drop stairs, or a scuttle. The appraiser must exercise caution when accessing the attic or crawl space to avoid injury. If a drop stair is missing rungs or in a state of disrepair that could potentially injure the appraiser, condition the appraisal on providing safe access to the attic or crawl space.

## FHA Property Inspection

Scuttle access to an **attic** typically may pose the highest level of difficulty as the appraiser may be using a portable compact ladder having limitations over traditional ladders. The types of ladders available are ample. Great care and time should be used in selection of a ladder and understanding the proper use, care and risk of using a ladder is important. A ladder having an Occupational Safety and Health Administration (OSHA) rating or an American National Standards Institute (ANSI) rating should be sought to meet specific needs and applications.

### Resources

For more information regarding **HUD/FHA** and property inspection requirements refer to:

[www.hud.gov/](http://www.hud.gov/)

[HUD FHA 4150.2. Appendix D:Valuation Protocol](#)

#### **HUD Basements and Crawl Spaces**

[http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/housing/sfh/ref/sfhp1-25](http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/ref/sfhp1-25)

#### **HUD Property Inspection Requirements for FHA Appraisers**

[http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/housing/sfh/talk/parc/phiarch](http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/talk/parc/phiarch)

#### **LandSafe Circular 2011-19 E *Inspection Guidelines and Expectations***

Search the sites below for “**ladder safety**”:

<http://www.osha.gov/>

<http://www.ansi.org/>