VA Lenders Handbook (VA Pamphlet 26-7), Chapter 12, Topic 1 — Minimum Property Requirement Procedures, continued

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VA Lenders Handbook (VA Pamphlet 26-7), Chapter 12, Topic 1 — Minimum Property Requirement Procedures, continued

1. Minimum Property Requirement Procedures, continued a. MPRs, continued Topic Topic Name See Page 26 Roof Covering 12-33 27 Attics 12-34 28 Crawl Space 12-35 29 Basements 12-36 30 Swimming Pools 12-37 31 Burglar Bars 12-38 32 Lead-Based Paint 12-39 33 Wood Destroying Insects/Fungus/Dry Rot 12-40 34 Radon Gas 12-42 35 Potential Environmental Problem 12-43 36 Stationary Storage Tanks 12-44 37 Mineral, Oil and Gas Reservations or Leases 12-45 38 High Voltage Electric Transmission Lines 12-46 39 High Pressure Gas and Liquid Petroleum Pipelines 12-47 40 Properties Near Airports 12-48 41 Manufactured Home Classified as Real Estate 12-49 42 Modular Homes 12-50 43 Energy Conservation and Sustainability 12-51 44 Requests for Waiver of MPR Repairs 12-52 VA Pamphlet 26-7, Revised Chapter 12: Minimum Property Requirements 12-3 1. Minimum Property Requirement Procedures Change Date October 18, 2019 • This chapter has been revised in its entirety. a. MPRs VA has established Minimum Property Requirements (MPRs) to protect the interests of Veterans, lenders, servicers, and VA. Properties must meet these requirements prior to guaranty of the loan by VA. b. Appraisal is Not a Home Inspection While VA-assigned fee appraisers must note any readily apparent repairs that are needed, it is important to distinguish the differences between a real estate appraisal and a home inspection report. The fee appraiser will not perform operational checks of mechanical systems or appliances. The fee appraiser estimates the value of the property to ensure that it is sufficient for the amount of the proposed loan. c. Safe, Sound, Sanitary MPRs help ensure that the property is safe, structurally sound, and sanitary. The scope of MPRs also includes issues related to the property’s location and legal considerations. d. Appraisal Subject to Repairs to meet MPRs The appraiser will prepare origination appraisals “subject to” the completion of any MPR repairs that appear to be needed and include the contributory value of the completed repairs in the estimated market value. Liquidation appraisals are prepared “as-is” (see Chapter 11, Topic 20 of this Handbook). e. Recommend Repairs, Not Inspections Appraisers must not prepare appraisals subject to inspections. The appraiser must recommend repairs, not inspections, for any conditions that do not appear to meet MPRs. f. Cosmetic Items The appraiser should not recommend repairs of cosmetic items, items involving minor deferred maintenance or normal wear and tear, or items that are inconsequential in relation to the overall condition of the property. While minor repairs should not be recommended, the appraiser should consider these items in the overall condition rating when estimating the market value of the property. Continued on next page VA Pamphlet 26-7, Revised Chapter 12: Minimum Property Requirements 12-4 1. Minimum Property Requirement Procedures, continued g. Detached Improvements Detached sheds or other improvments on the site may be included in value if the improvement meets VA’s MPRs. If the improvement does not meet MPRs it must be excluded from value. If the improvement presents a health or safety hazard, the appraisal must be completed subject to the removal of the improvement. h. Home Inspection Recommended After an origination appraisal is completed, the

Notice of Value (NOV) that is issued to the Veteran includes a recommendation that the Veteran may wish to obtain a home inspection (see Chapter 13, Appendix A of this Handbook). i. Local Requirements Information about MPRs concerning properties in specific locations are listed by state at http://www.benefits.va.gov/HOMELOANS/appraiser_cv_local_req.asp. j. SAH Additional MPRs apply to Specially Adapted Housing (SAH) program cases. The Regional Loan Center (RLC) of jurisdiction should be contacted for assistance with SAH questions. VA Pamphlet 26-7, Revised Chapter 12: Minimum Property Requirements 12-5

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