

# Chapter 12 Minimum Property Requirement

## Overview

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## 1. Minimum Property Requirement Procedures, continued

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**a. MPRs,**  
continued

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# 1. Minimum Property Requirement Procedures

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**Change Date**      October 18, 2019

- This chapter has been revised in its entirety.

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**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.

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**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.

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**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.

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**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).

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**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.

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**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.

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## 1. Minimum Property Requirement Procedures, continued

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|---------------------------------------|---|
| <b>g. Detached Improvements</b>       | Detached sheds or other improvements 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. |
| <hr/>                                 |   |
| <b>h. Home Inspection Recommended</b> | 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).   |
| <hr/>                                 |   |
| <b>i. Local Requirements</b>          | Information about MPRs concerning properties in specific locations are listed by state at <a href="http://www.benefits.va.gov/HOMELOANS/appraiser_cv_local_req.asp">http://www.benefits.va.gov/HOMELOANS/appraiser_cv_local_req.asp</a> .   |
| <hr/>                                 |   |
| <b>j. SAH</b>                         | 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.   |
| <hr/>                                 |   |

## 2. Marketable Real Estate Entity

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**a. Single Real Estate Entity**      The property must be a single, readily marketable, real estate entity.

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**b. Multiple Parcels**      More than one parcel or lot may be included as long as all of the property is contiguous and legally marketable. VA does not set a limit on the number of acres that the property may have. If the property being appraised includes more than one parcel, the appraisal must be prepared subject to placing all of the parcels on one deed.

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**c. Road or Waterway Dividing the Property**      If a property is divided by a road or waterway, the appraiser must determine the effect on the utility of the property to ensure that the property is a readily marketable, real estate entity.

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### **3. Space Requirements**

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- a. Space Requirements**      Each living unit must have sufficient space for:
- living,
  - sleeping,
  - cooking and dining, and
  - sanitary facilities.
- 

- b. Non-Standard Construction**      Non-standard house styles which may be unique in a market area, for example, log houses, earth sheltered houses, dome houses, and houses with lower than normal ceiling heights, must meet any local building codes. The appraiser must consider the marketability of the home in the appraisal.
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## 4. Access

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**a. Street Access** Each property must be provided with a safe and adequate pedestrian or vehicular access from a public or private street with an all-weather surface.

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**b. Private Road Requirements** Private roads must be:

- protected by a permanent easement, and
- maintained by a homeowners association or joint maintenance agreement.

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**c. Maintenance Agreement Signatures** If a maintenance agreement does not exist, every effort should be made to obtain the agreement of all owners of properties on the private road to share the cost of maintaining the road.

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**d. RLC Approval Required if the Veteran is Accepting Additional Responsibility** In the absence of an agreement signed by all owners, particularly those of properties located between the subject property and the public road, an agreement by a Veteran to accept responsibility for a disproportionate share of the road must be reasonable in regards to the distance from the subject property to the public road. The RLC of jurisdiction must be contacted in order to approve the agreement. VA will not accept an agreement in which the Veteran accepts sole responsibility for maintaining an unreasonable distance of the private road as this could create a burden for the Veteran as well as future property owners.

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**e. Private Street in PUD or Condominium** If private street maintenance is covered in the organizational documents for a planned unit development (PUD) or condominium, or by state law, the NOV may be issued without a requirement for further documentation.

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**f. Easements Must Run with the Land** Each living unit must be accessible without passing through any other living unit or trespassing on adjoining properties. Any easements required must run with the land.

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## 4. ACCESS, continued

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**g. Backyard  
Access**

Access to the backyard must be provided without passing through any other living unit. For a row-type dwelling, the access may be by means of

- an alley,
  - easement, or
  - passing through the subject dwelling.
- 

**h. Exterior  
Wall Access**

Adequate space to perform maintenance of the exterior walls must be present between buildings.

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**i. Property  
Constructed  
Adjacent to  
Another  
Property Line**

A building constructed on or next to a property line must be separated from the adjoining building by a wall extending the full height of the building from the foundation to the ridge of the roof.

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## 5. Encroachments

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**a. Encroachments**     The appraiser must report any apparent encroachments of the subject's dwelling, garage, or other improvements onto an adjacent property, right-of-way, utility easement, or building restriction line and any apparent encroachments of a neighboring dwelling, garage, or other improvements onto the subject property.

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**b. Prompt Notification**     The appraiser must notify the lender of the encroachment promptly to provide as much time as possible to resolve the issue.

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## **6. Drainage and Topography**

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- a. Grading**              The site must be graded so that it
- provides positive, rapid drainage away from the perimeter walls of the dwelling, and
  - prevents ponding of water on the site.
- 

- b. Topographic Conditions**      The appraiser must report any danger due to topographic conditions, such as mudslides from adjoining properties, falling rocks, or avalanches.
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## 7. Geological or Soil Instability, Subsidence, and Sinkholes

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**a. Soil Conditions**      The appraiser must report any readily observable soil conditions of the site, and other physical features that affect the value of the site. The appraiser should also consider any published reports regarding the instability of the soil and surface support of the land concerning the subject and nearby properties. The appraiser must consider any effect on the estimated market value of the property.

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**b. Subsidence**      Subsidence may be encountered where homes are constructed on uncontrolled fill or unsuitable soil, in locations near mining activity or extraction of subsurface minerals (to include fracking), or where the subsoil or subsurface is unstable and subject to slippage or expansion. Signs of subsidence may include cracks in the terrain, sinkholes, foundation damage or settlement problems.

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**c. Dangerous Subsidence or Sinkholes**      The appraiser must report any probable or imminent danger of subsidence or sinkholes. Depending on the extent of the problem, it could be considered a hazard (see Topic 20 of this Chapter) which would make the property ineligible. The appraiser must notify the lender promptly when a hazardous condition is found.

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**d. Repairs by Contractor**      If a settlement problem that does not have the severity of a hazard is apparent, the appraisal must be prepared “subject to repair” by a licensed contractor (for example, step-cracks in an exterior wall, or cracked flooring with significant vertical displacement).

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**e. Hairline Cracks**      Minor hairline cracks due to expansion or normal settlement that are common in the market area do not typically require repair.

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## **7. Geological or Soil Instability, Subsidence, and Sinkholes, continued**

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**f. New or  
Proposed  
Property**

For new or proposed construction properties, in areas that have a history of geological or soil instability, the builder must submit either:

- a certification that to the best of the builder's knowledge and belief, any geological or soil-related hazard has been compensated for in the engineering design of the improvements and no portion of the construction will rest on fill, or
  - evidence from a qualified geologist or engineer that the subject site either does not present unusual geological soils-related hazards or such hazards have been compensated for in the engineering design of the improvements. (Qualified geologists are state licensed or are a member of a national or state organization which requires responsibility, experience, education and demonstrated ability in the field of engineering geology.)
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## 8. Special Flood Hazard Area

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**Change Date**     October 18, 2019

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**a. Flood Insurance**     Properties located in a FEMA Special Flood Hazard Area (SFHA) must be covered by a flood insurance policy. Properties located in a SFHA are not eligible if flood insurance is not available.

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**b. Regular Flooding**     Based on the appraiser’s knowledge of the market area, properties that are subject to regular flooding are not eligible, whether or not the area has been designated an SFHA.

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**c. Verification of Flood Zone**     While appraisers must provide flood zone information on the appraisal report, flood zone maps do not typically indicate the location of specific properties. Lenders are responsible for verifying the flood zone information.

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**d. Flood Zones**     SFHAs are usually designated Zones A, AO, AH, A1-A30, AE, A99, AR, AR/AE, AR/AO, AR/A1-A30, AR/A, V, VE, and V1-V30. Flood insurance is not required in Zones B, C, X, and D.

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**e. Excluding Non-Residential Improvements**     At the Veteran’s request, non-residential improvements such as detached garages and small sheds may be excluded from the flood insurance policy if they are also excluded from the appraised value. The cost of flood insurance with and without coverage for the detached building should be compared as excluding a detached building may not be worthwhile.

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**f. Private Flood Insurance**     Veterans may elect to obtain private flood insurance instead of obtaining flood insurance through the National Flood Insurance Program.

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## 9. Coastal Barrier Resources System

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**Change Date**     March 28, 2019

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**a. Eligibility**     Properties located in Coastal Barrier Resources System (CBRS) areas are not eligible for an appraisal.

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**b. Appraiser Responsibilities**     Appraisers who perform appraisals for VA near the Atlantic Ocean, the Great Lakes, the Gulf of Mexico, or the Caribbean Sea must be familiar with any CBRS areas. If the appraiser finds that a property on which an appraisal has been ordered is located in a CBRS area, the appraiser must stop work and promptly notify the lender.

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## **10. Lava Flow Hazard Zones**

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**Change Date**      March 28, 2019

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**a. Appraiser Responsibility**      Lava Flow Hazard Zones are designated by the United States Geological Survey. Appraisers who perform appraisals for VA in affected areas must be familiar with these zones.

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**b. Property Eligibility**      Properties in Zones 1 and 2 are not eligible for appraisal. If the appraiser finds that a property on which an appraisal has been ordered is located in Zone 1 or 2, the appraiser must stop work and promptly notify the lender.

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**c. Market Value to be Considered**      If the property is in a Lava Flow Hazard Zone other than Zone 1 or 2, the appraiser must report the zone information in the appraisal and analyze the effect on market value.

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## 11. Non-Residential Use

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**a. Eligibility Considerations**      A property that has both a residential and business use may be eligible for loan guaranty if:

- the property is primarily for residential use,
  - the non-residential use does not impair the residential character,
  - the property contains no more than one business unit, and
  - the property is legally permitted and conforms to current zoning, or is a legal, non-conforming use that is accepted by the local authority.
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**b. No Value to Business or Commercial Property**      No value may be given to the business operations or commercial fixtures in the appraisal.

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## **12. Zoning**

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**Change Date**      March 28, 2019

- This chapter has been revised in its entirety.

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**a. Zoning Compliance**      The property must comply with all applicable zoning ordinances.

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**b. Legal, Non-Conforming Use**      If the property does not comply with current zoning ordinances, but is accepted by the local authority, the appraiser must describe the property as “Legal Non-Conforming” and comment on the property’s marketability and any adverse effect this classification may have on value. The appraiser must state whether or not the dwelling may be legally rebuilt if destroyed.

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## 13. Local Housing/Planning Authority Code Enforcement

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**Change Date**      March 28, 2019

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**a. Local Authority Requirements**      If the property is located in an area where specific local housing/planning authority code requirements are enforced in conjunction with the sale of homes, the appraiser must describe the requirements in the appraisal report.

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**b. Repairs Required by a Local Authority**      If the appraiser is aware of any repairs that will be required due to local code enforcement, for example, the removal of unpermitted improvements, the appraiser must prepare the appraisal subject to these repairs.

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## 14. Utilities

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<b>Change Date</b>	March 28, 2019 <ul style="list-style-type: none"><li>This chapter has been revised in its entirety.</li></ul>
<b>a. Electricity</b>	Each living unit must have electricity for lighting and for necessary equipment.
<b>b. Appraiser Not Conducting Operational Checks</b>	Since the appraiser does not perform any operational checks of mechanical systems or appliances, the utilities are not required to be turned on when the appraiser visits the property.
<b>c. Electrical Wires</b>	Any visible frayed or exposed electrical wires must be repaired.
<b>d. Utilities for Living Units</b>	Utility services must be independent for each living unit, except <ul style="list-style-type: none"><li>units in a two to four-unit property may share water, sewer, gas, or electricity as long as there are separate service shut-offs for each unit, and</li><li>units under separate ownership may share connections from the main to the building line when those connections are protected by an easement and a maintenance agreement acceptable to VA.</li></ul>
<b>e. Access for Maintenance and Repair</b>	Individual utilities serving one living unit shall not pass over, under, or through another living unit unless there is a legal provision for a permanent right of access for maintenance and repair of the utilities without trespass on adjoining properties.

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## 15. Water Supply and Sanitary Facilities

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- Change Date** March 28, 2019
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- a. Water and Sewer** The property must have:
- a continuous supply of safe and potable water for drinking, bathing, showering and sanitary uses,
  - hot water,
  - sanitary facilities, and
  - a safe method of sewage disposal.
- 

- b. Safe Drinking Water** Given the importance of safe drinking water, appraisers must ensure that accurate water supply information is reported in the appraisal and the Staff Appraisal Reviewer (SAR) must condition the NOV appropriately. If the appraiser is aware of any issues regarding the water supply, the appraiser must comment in the appraisal.
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- c. Market Value Considerations** Appraisers must comment and adjust for any market reaction discovered as a result of water contamination, as well as any environmental stigma.
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- d. Filtration of Water** Proper mitigation of lead contaminated water must include a central filtering system which filters all water that could serve the property's occupants. When public water must be filtered, the requirements for individual water filtering under Topic 17, Subsection d of this Chapter including a Veteran's acknowledgement, must be applied. Information about water filtration is available at <http://www.nsf.org/newsroom/consumer-guide-to-nsf-international-certified-lead-filtration-devices>.
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## **15. Water Supply and Sanitary Facilities, continued**

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**e. Individual Water Supply** If the property has an individual water supply see Topic 17 of this Chapter for additional requirements.

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**f. Individual Sewer Supply** If the property has an individual sewer supply see Topic 18 of this Chapter for additional requirements.

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**g. Connection Mandated by a Local Authority** If public water or sewer is available and the local authority mandates connection, the appraiser must prepare the appraisal “subject to” connection.

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## 16. Individual Water Supply

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**Change Date** March 28, 2019

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**a. Health Authority Requirements**

Water quality for an individual water supply must meet the requirements of the health authority having jurisdiction. If the local authority does not have specific requirements, the guidelines established by the Environmental Protection Agency (EPA) will apply. Additional information is available at the following websites: <https://www.epa.gov/privatewells/private-drinking-water-well-programs-your-state> and <https://www.cdc.gov/healthywater/drinking/private/wells/testing.html>.

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**b. Third Party Testing**

All testing must be performed by a disinterested third party. This includes collecting and transporting the water sample from the water supply source. The sample may be collected and tested by the local health authority, a commercial testing laboratory, a licensed sanitary engineer, or other party that is acceptable to the local health authority. At no time will the Veteran or other interested party collect and/or transport the sample.

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**c. Conditions Requiring a Veteran's Signed Statement**

The appraiser must comment in the appraisal and the Veteran must acknowledge awareness in writing when the water to the property is:

- supplied by dug wells, cisterns, or holding tanks used in conjunction with water purchased and hauled to the site,
  - provided with a mechanical chlorinator,
  - provided through springs, lakes, rivers, sand-point or artesian wells, or
  - supplied with a rainwater catchment system.
- 

**d. Water Filtration System**

If the property has a water filtration system, the Veteran must acknowledge in writing that the water must be continuously treated as required by the local health authority to be considered safe for human consumption and for this to be effective, the system must be inspected and maintained to include filter replacements per the manufacturers' recommendations.

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## **16. Individual Water Supply, continued**

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**e. Distance Requirements**      The appraiser must be familiar with the minimum distance requirements between private wells and sources of pollution. The appraiser is not required to sketch or note distances between the well, property lines, septic tanks, drain fields, or building structures.

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**f. Testing Validity Period**      Water quality test results are valid for 90 days from the date certified by the local health authority unless the local authority indicates otherwise.

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**g. Connection Mandated by a Local Authority**      If public water is available and the local authority mandates connection, connection is required (see Topic 16 of this Chapter).

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## 17. Individual Sewage Disposal

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**Change Date**      March 28, 2019

- This chapter has been revised in its entirety.

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**a. Individual Sewage Disposal**      An individual sewage disposal system must adequately dispose of all domestic wastes in a sanitary manner which will not create a nuisance, or in any way endanger the public health.

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**b. Pit Privies**      Individual pit privies are acceptable where such facilities are customary and installed in accordance with the recommendations of the local health authority.

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**c. Health Authority Approval**      On proposed construction cases, or new or existing construction cases where the appraiser notes a problem, or if the area is known to have soil percolation problems, health authority approval of the individual sewage disposal system is required.

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**d. Connection Mandated by a Local Authority**      If public sewer is available and the local authority mandates connection, connection is required (see Topic 16 of this Chapter).

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## 18. Shared Wells

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- Change Date**      March 28, 2019
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**a. Shared Well Requirements**

A shared well refers to a well that serves two or more properties. The shared well must be:

- capable of providing a continuing supply of safe and potable water to each property simultaneously, so that each dwelling will be assured a sufficient quantity for all domestic purposes,
  - protected by a permanent easement, which allows for maintenance and repair, and
  - maintained under a well-sharing agreement containing provisions for the cost of repairs that is binding on the signatory parties and successors in title and has been recorded in public records.
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**b. Appraiser Responsibility**

The appraiser must report that the property is served by a shared well and note any readily apparent deficiencies.

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**c. Lender Responsibility**

The lender must obtain the shared well agreement and review the agreement to determine eligibility.

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**d. Water Quality**

The water quality must meet the requirements for individual wells described in Topic 17 of this Chapter.

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## 19. Community Water Supply/Sewage Disposal Requirements

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**Change Date** March 28, 2019

- This chapter has been revised in its entirety.
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**a. Community Water/Sewer to be Noted in an Appraisal** A community water/sewage system refers to a central system that is owned, operated, and maintained by a private corporation or a nonprofit property owners' association. The appraiser must note that the property is on a community water/sewage system in the appraisal report.

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**b. Sufficient Water Supply** The water supply must be sufficient in size for the project. Water quality must be approved by the local or state health authority.

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**c. Adequate Size Sewage System** The sewage system must be adequate in size and properly operated and maintained to prevent it from becoming a menace to public health.

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**d. Local/State Authority Approval** The lender must obtain evidence of approval of the facilities by the local or state health authority.

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**e. Trust Deed** A trust deed is required if the local or state authority that approved the system does not:

- enforce compliance with its requirements,
- fix rates, and
- provide for prompt relief in case of deficient operation, service, or exorbitant rates.

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**f. Trust Deed for Private System** If a trust deed is required for a privately-owned system, it should be similar to the trust deed found in [HUD Handbook 4075.12](#).

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## 20. Hazards

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- a. Hazards**     The property must be free of hazards which may:
- adversely affect the health and safety of the occupants,
  - adversely affect the structural soundness of the dwelling and other improvements to the property, or
  - impair the customary use and enjoyment of the property by the occupants.
- 

- b. Prompt Notification of the Lender**     The appraiser must notify the lender promptly when a hazard is identified so that the eligibility of the property may be addressed and, depending on the nature of the hazard, to provide as much time as possible to resolve the situation.
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## 21. Defective Conditions

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- Change Date**      October 18, 2019
- This chapter has been revised in its entirety.
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**a. Definition**      Conditions which impair the safety, sanitation, or structural soundness of the dwelling will cause the property to be unacceptable until the defects or conditions have been remedied and the probability of further damage eliminated. The integrity of the envelope of the structure must not be compromised.

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**b. Appraisals  
“Subject to”  
Repair of  
Defective  
Conditions**      Appraisals must be prepared “subject to” the repair of any defective conditions with the contributory value of the completed repair included in value.

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**c. Examples**      Examples of defective conditions include:

- defective construction,
- poor workmanship,
- evidence of continuing settlement,
- excessive dampness,
- leakage,
- decay, and
- termites.

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## **22. Mechanical Systems**

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**Change Date**     March 28, 2019

- This chapter has been revised in its entirety.

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**a. Requirements**     Mechanical systems must be:

- safe to operate, and
- protected from destructive elements.

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**b. Appraiser Responsibility**     While the appraiser is not required to test the operation of any mechanical systems, the appraiser should recommend the completion of any repairs that are readily apparent.

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## 23. Heating

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**Change Date** March 28, 2019

- This chapter has been revised in its entirety.

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**a. Requirement** Heating must be permanently installed and maintain a temperature of at least 50 degrees Fahrenheit in areas with plumbing.

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**b. Non-Vented Heater** If the dwelling will have a permanently installed, non-electric, non-vented fireplace or other non-vented space heater:

- the NOV must be conditioned to require the Veteran's written acknowledgement that the dwelling contains a non-vented fireplace or space heater which has not been inspected by VA, and
- a licensed heating/air conditioning contractor must certify in writing that the non-vented appliance is equipped with an approved Oxygen Depletion Sensor and meets the local building authority requirements (if there are no local requirements, the installation must meet the manufacturer's recommendations).

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**c. Mild Climate** In areas with a mild climate, heating may not be required (see Topic 1, Subsection h of this Chapter).

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**d. Air Conditioning** Air conditioning is not required, but if installed, must be operational. If any needed repairs to the air conditioning equipment are apparent, the appraiser must prepare the appraisal subject to the repair of the air conditioning system by a licensed heating/air conditioning contractor.

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## 24. Leased Mechanical Systems and Equipment

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**a. No Value to Leased Equipment**      The appraiser must not include the value of any leased mechanical systems or any other leased equipment in the estimated market value as leased items are not suitable security for a loan. This includes, but is not limited to, fuel or propane storage tanks, solar or wind systems (including power purchase agreements), and other alternative energy equipment.

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**b. Leased Equipment to be Noted in the Appraisal**      The appraiser must identify leased items in the appraisal report. Some leases may encumber the title making the property less than fee simple. The appraiser must consider any detrimental effect on the value of the property if the leased items are removed by the lessor.

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## 25. Alternative Energy Equipment

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**Change Date**      March 28, 2019

- This chapter has been revised in its entirety.

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**a. Alternative Energy Systems**      Alternative energy systems use wind, geothermal, or solar energy to produce energy to support the habitability of the structure.

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**b. Market Acceptance to be Considered**      The appraiser must analyze the market acceptance of special energy-related building components and equipment, including solar energy components, high-energy efficiency housing features and components, geothermal systems, and wind powered components.

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**c. No Value to Leased Equipment**      Leased equipment must not be given value in the appraisal.

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## 26. Roof Covering

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**Change Date**      March 28, 2019

- This chapter has been revised in its entirety.

---

**a. Requirement**      The roof covering must:

- prevent entrance of moisture, and
- provide reasonable future utility, durability, and economy of maintenance.

---

**b. Multiple Shingle Layers**      When a defective roof with three or more layers of shingles must be replaced, all old shingles must first be removed.

---

**c. Appraiser Expectation**      The appraiser is not required to climb onto the roof.

---

**d. Appraisal Considerations when the Roof is Not Visible**      When the appraiser is unable to view the roof, the appraiser must explain why the roof is unobservable and report how the condition of the roof was determined. For example, a roof may be covered with snow yet the appraiser observed no evidence of leaks and documentation was provided to the appraiser verifying the age of the roof. If available, other methods such as drones could be utilized to show the area.

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## **27. Attics**

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**Change Date**      March 28, 2019

- This chapter has been revised in its entirety.

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**a. Appraiser Expectations**      Fee appraisers must view the interior of readily accessible attic spaces. The appraiser is not required to climb into the attic. The appraiser is not required to move insulation or personal items that may hinder visibility. If there is no scuttle or other access to the attic, there is no requirement to provide access.

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**b. Deficient Conditions**      If a deficient condition (for example, a water-stained ceiling or insufficient ventilation) is apparent, the appraiser must prepare the appraisal subject to the repair.

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## 28. Crawl Space

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**Change Date** March 28, 2019

- This chapter has been revised in its entirety.

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**a. Appraiser Expectation** Fee appraisers are required to view, but not enter, the crawl space.

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**b. Requirements** The crawl space must:

- have adequate access,
- be clear of debris, and
- be properly vented.

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**c. Floor Joists** The floor joists must be sufficiently above the highest level of the ground to provide access for maintenance and repair of ductwork and plumbing.

---

**d. Dampness** Any excessive dampness or ponding of water must be corrected.

---

**e. Vacant Area Beneath House** Not all houses with a vacant area beneath the flooring are considered to have a crawl space particularly if no mechanical systems are present, and there is no reason for access. If the area is properly vented and free of moisture, this condition is acceptable.

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## **29. Basements**

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**Change Date**      March 28, 2019

- This chapter has been revised in its entirety.

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**a. Dampness or Structural Problems**      The appraiser must report any dampness, or obvious structural problems that might affect the health and safety of occupants or the soundness of the structure.

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**b. Sump Pump**      If a sump pump is present, the appraiser must recommend repair if it is not hard-wired by an acceptable wiring method or equipped with a factory electrical cord that is connected to a suitable receptacle.

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## 30. Swimming Pools

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**Change Date** March 28, 2019

- This chapter has been revised in its entirety.

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**a. Pool Equipment** If the pool water contains algae or if the pool has been winterized, and the appraiser cannot determine if the pool equipment is in good working order, the appraiser may complete the appraisal under the extraordinary assumption that the pool and its equipment can be repaired at minimal cost without recommending any repairs.

---

**b. Structural Defects** The appraiser must report readily observable defects including unstable sides and structural issues that would render the pool inoperable or unusable. Depending on the extent of the damage, the appraiser must prepare the appraisal report “subject to” the repair of the pool, and include the pool in value, or prepare the appraisal “subject to” permanently filling in the pool, in accordance with local guidelines, and re-grading the yard, if necessary.

---

**c. Above-Ground Pools** Above-ground pools which include water filtering equipment and decking may be included in value if the appraiser determines that above-ground pools are customary and accepted in the market area.

---

**d. Local Requirements for Securing Pools** Swimming pools must be secured in accordance with any local requirements. On a liquidation appraisal, if the pool is unsecure, securing the pool must be included on the repair list and reported as a safety hazard on the liquidation addendum.

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## **31. Burglar Bars**

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**Change Date**      March 28, 2019

- This chapter has been revised in its entirety.

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**a.**  
**Requirement**      If a property has burglar bars, at least one window per bedroom must have a quick-release mechanism, unless there is an exterior door from the bedroom providing rapid egress.

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**b. Removal of Burglar Bars**      If the appraiser is not able to confirm that quick release mechanisms are in good working order, the appraiser should prepare the appraisal subject to removal of the burglar bars as a safety consideration.

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## 32. Lead-Based Paint

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- Change Date**      March 28, 2019
- This chapter has been revised in its entirety.
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**a. Properties Built in 1978 or Later**      If the dwelling or related improvements were built **in 1978 or later**, the appraiser must report all defective paint surfaces on the exterior and require repair of any defective paint that exposes the subsurface to the elements. Interior defective paint on a dwelling built in 1978 or later is normally considered cosmetic.

---

**b. Properties Built Before 1978**      If the dwelling or related improvements were built **before 1978**, the presence of lead-based paint must be presumed. Any defective lead-based paint is a safety hazard that must be remediated. The appraiser must clearly identify the location of any defective paint. Economic feasibility is not an acceptable reason for waiver of a repair involving lead-based paint.

---

**c. Correction of Defective Lead-Based Paint**      Any defective lead-based paint must receive adequate treatment to prevent the ingestion of contaminated paint. Either:

- the surface requiring treatment must be thoroughly washed, scraped, wire brushed or otherwise cleaned to remove all cracking, scaling, peeling, chipping, and loose paint, and then repainted with two coats of a suitable nonlead paint, or
- the paint shall be completely removed or the surface covered with a suitable material such as gypsum wallboard, plywood, or plaster before any painting is undertaken if the integrity of the surface needing treatment cannot be maintained.

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**d. Appraiser Certification of Repairs**      The completion of all repairs involving defective lead-based paint must be certified by the VA-assigned appraiser.

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### 33. Wood Destroying Insects/Fungus/Dry Rot

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**Change Date** March 28, 2019

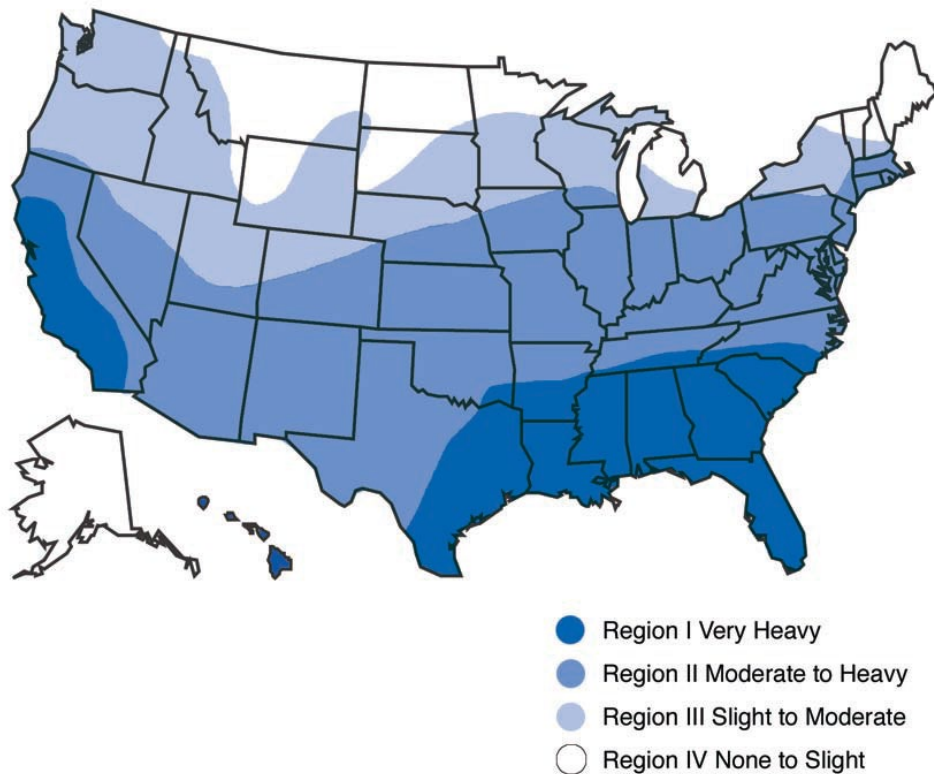
- This chapter has been revised in its entirety.

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**a. Apparent Damage** Appraisers must report any apparent evidence of wood destroying insect infestation, fungus growth or dry rot. The appraisal must be prepared subject to a wood destroying insect inspection if any infestation or damage is apparent, and all damage must be repaired.

---

**b. Termite Infestation Probability Map** If the property is located in an area on the Termite Infestation Probability Map where the probability of termite infestation is "very heavy" or "moderate to heavy" on origination appraisals, a wood destroying insect inspection report must be required on the NOV.



USDA Forest Service Home and Garden Bulletin 64 (revised 2006)

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*Continued on next page*



### **33. Wood Destroying Insects/Fungus/Dry Rot, continued**

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**c. Local Requirements Webpage**

The specific borders for some of the zones are difficult to determine from this map. Additional information may be found on VA's local requirements webpage (see Topic 1, Subsection h of this Chapter).

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**d. Non-Residential Improvements**

Small sheds or other detached, non-residential improvements which were not given value on the appraisal report may be excluded from the inspection report.

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**e. Requirements for Properties in Condominium Developments**

A termite inspection is not required on units in high-rise condominiums (units are stacked vertically). For villa and townhome style condominiums where units are side by side, not stacked, if located in a "very heavy" or "moderate to heavy" zone, a termite inspection must be required on the NOV unless the homeowners association provides evidence of treatment.

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## 34. Radon Gas

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**Change Date**      October 18, 2019

- This chapter has been revised in its entirety.

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**a. Testing Recommended by VA**      On the NOV that is provided to Veterans with the results of the appraisal, VA recommends testing for radon gas.

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**b. Builder Certification**      On proposed and new construction cases, the builder must certify that radon resistant construction techniques were used where applicable and construction meets any local or state building codes for radon control. Radon resistant construction techniques are considered to be applicable for properties located in Radon Zone 1 as designated by the EPA at the following website:  
<https://geopub.epa.gov/Radon/>.

Additional information about radon resistant construction techniques is available at the following link:

<https://www.epa.gov/radon/radon-resistant-construction-basics-and-techniques>.

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**c. Additional Information**      Additional information about radon gas is available at the following link:  
<https://www.epa.gov/radon>.

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## 35. Potential Environmental Problem

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- Change Date**      March 28, 2019
- This chapter has been revised in its entirety.
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- a. Potential Environmental Problem**      The appraiser must report and consider the effect on value of any apparent indication of a potential environmental problem.
- 

- b. Examples**      Examples include, but are not limited to:
- underground storage tanks,
  - slush pits,
  - oil and gas wells (operating or abandoned),
  - hydrogen sulfide gas emitted from petroleum product wells,
  - chemical contamination (including methamphetamine) or
  - soil contamination from sources on or off the property.
- 

- c. Appraisal Considerations**      The appraisal report must be prepared subject to correction of the problem in accordance with any local, state, or federal requirements, or documentation from the appropriate local, state, or federal authority that the condition is acceptable.
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## **36. Stationary Storage Tanks**

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**Change Date**      March 28, 2019

- This chapter has been revised in its entirety.

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**a. Distance Requirement**      If the property is located within 300 feet of an above-ground or subsurface stationary storage tank with a capacity of 1,000 gallons or more containing flammable or explosive material, the appraiser must report this information in the appraisal. This includes storage tanks for domestic and commercial uses as well as automotive service station tanks.

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**b. Comparable Sales**      The appraiser should use comparable sales in similar locations, if available.

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**c. NOV Requirement**      The SAR must include the information on the NOV, requiring the Veteran's signed acknowledgement to ensure the Veteran is fully informed of the situation.

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## **37. Mineral, Oil, and Gas Reservations or Leases**

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- Change Date**      March 28, 2019
- This chapter has been revised in its entirety.
- 

**a. Influence on Property**      The appraiser must analyze and report the degree to which residential benefits may be impaired or the property damaged by the exercise of the rights set forth in oil, gas, and mineral reservations or leases.

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- b. Appraisal Considerations**      The appraiser should consider the following:
- the infringement on the property rights of the fee owner caused by the rights granted by the reservation or lease, and
  - the hazards, nuisances, or damages to the subject property from exercise of reservation or lease privileges on neighboring properties.
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## 38. High Voltage Electric Transmission Lines

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**Change Date**      March 28, 2019

- This chapter has been revised in its entirety.

---

**a. Residential Structure**      No part of any residential structure may be located within a high voltage electric transmission line easement.

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**b. Detached Improvements**      Any detached improvements even partially in a transmission line easement will not receive value for VA purposes.

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**c. Distance Requirement**      If the property is within 100 feet from the nearest boundary of a high voltage electric transmission line easement, the appraiser must comment in the appraisal.

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## 39. High Pressure Gas and Liquid Petroleum Pipelines

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**Change Date**      March 28, 2019

- This chapter has been revised in its entirety.

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**a. Residential Structure**      No part of any residential structure may be located within a high-pressure gas or liquid petroleum pipeline easement.

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**b. Detached Improvements**      Any detached improvements even partially in the pipeline easement will not receive value for VA purposes.

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**c. Distance Requirement**      If the property is within 100 feet from the nearest boundary of a high-pressure gas or liquid petroleum pipeline easement, the appraiser must comment in the appraisal.

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## 40. Properties near Airports

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**Change Date** March 28, 2019

- This chapter has been revised in its entirety.
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**a. Appraiser Responsibility** Appraisers must be familiar with noise zones and safety-related zones surrounding airports in areas where they perform appraisals for VA.

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**b. Appraisal Considerations** Whenever a property is located near an airport, appraisers must consider the effect on value of any airport noise and select comparable sales, if available, with the same airport influence.

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**c. Proposed Construction in a Clear Zone** Proposed construction located in a Clear Zone (also known as a Runway Protection Zone) is not eligible. The appraiser must stop working on the appraisal and notify the lender immediately.

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**d. Existing or New Construction in a Clear Zone** For existing or new construction located in a Clear Zone, the following Veteran's acknowledgement must be required on the NOV and signed by the Veteran: "I am aware that the property being purchased is located near the end of an airport runway and this may have an effect upon livability, safety, value and marketability of the property."

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**e. Accident Potential Zone** For all properties located in an accident potential zone, the following Veteran's acknowledgement must be required on the NOV and signed by the Veteran: "I am aware that the property being purchased is located in an accident potential zone and this may have an effect upon the livability, safety, value, and marketability of the property."

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**f. Maps Available Online** Airport noise zone maps may be found at [https://www.faa.gov/airports/environmental/airport\\_noise/noise\\_exposure\\_maps/](https://www.faa.gov/airports/environmental/airport_noise/noise_exposure_maps/).

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## 41. Manufactured Home Classified as Real Estate

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**Change Date** March 28, 2019

- This chapter has been revised in its entirety.
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**a. MPRs** Manufactured homes must meet the VA MPRs described in this Chapter.

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**b. Real Estate Entity** The manufactured home and site must be considered a real estate entity in accordance with state law and meet all local zoning requirements for real estate.

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**c. Permanent Foundation** The manufactured home must be placed on a permanent foundation, constructed to withstand both supporting loads and wind-overturning loads, that meets state and local requirements.

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**d. HUD Standards** The manufactured home must be built to [HUD Manufactured Home Construction and Safety Standards](#).

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**e. Space Requirements** The manufactured home must have a floor area of not less than 400 square feet for a singlewide, or 700 square feet for a double wide manufactured home.

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**f. State/Local Requirements** Fee appraisers are expected to be familiar with state and local regulations governing manufactured homes (for example, missing HUD labels, alterations, modifications, additions, or component replacements), and to prepare appraisals subject to appropriate requirements for compliance.

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**g. Proposed Construction** If the manufactured home is appraised as proposed construction, the following exhibits are required:

- foundation plan,
  - floor plan showing room layout and exterior dimensions,
  - elevation plans, and
  - specifications for flooring, heating, plumbing, electrical equipment, appliances and other items included with the manufactured home.
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## 42. Modular Homes

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- Change Date**      March 28, 2019
- This chapter has been revised in its entirety.
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- a. State/Local Codes**      Modular homes must meet all state and local building codes.
- 

- b. Comparable Sales**      The appraiser will typically treat modular housing and on-frame modular housing in the same manner as conventionally built housing. The appraiser must select comparable sales that would be competing properties on the market which may include modular homes, conventionally built homes, or manufactured homes.
- 

- c. On-frame Modular Home Requirements**      On-frame modular housing is factory built on a permanent chassis. The appraiser must ensure that:
- all running gear is removed,
  - the crawl space is covered by a vapor barrier with vented permanent masonry skirting,
  - the skirting has an access hatch, and
  - the home is secured to a permanent foundation that meets state and local requirements.
-

## 43. Energy Conservation and Sustainability

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**Change Date**      March 28, 2019

- This chapter has been revised in its entirety.

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**a. Energy Efficient Mortgages**      Energy efficient mortgages are described in Chapter 7 of this Handbook. Veterans are provided information about this program in item #1a on NOVs issued for existing properties (see Chapter 13, Appendix A of this Handbook).

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**b. Energy Conservation Encouraged**      VA encourages home improvements that conserve energy, reduce water usage, enhance safety or strengthen disaster preparedness.

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## 44. Requests for Waiver of MPR Repairs

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- Change Date**      March 28, 2019
- This chapter has been revised in its entirety.
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- a. Waiver Requested by a Veteran**      After the NOV has been issued, at the request of the Veteran, VA will consider waiving MPR repairs if the following conditions are met:
- the request is signed by the Veteran,
  - the lender concurs with the Veteran’s request, and
  - the property is habitable from the standpoint of safety, structural soundness, and sanitation.

These requests should not allow for the Veteran to waive MPRs that could result in safety issues with the home.

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- b. Inspection Report**      In support of the waiver request, while not required, providing an inspection report from a licensed professional who is qualified to assess the condition of the item in question will ensure the Veteran is fully informed about the condition of the item.
- 

- c. Contributory Value**      If the request is approved, VA staff will amend the NOV, removing the repair requirement(s). Since appraisals are prepared “subject to” repairs, VA staff may reduce the value by the contributory value of the waived repair(s). If the contributory value of the repair item(s) is not material, the NOV may be issued without a change in value.
- 

- d. Materials Shortage Following a Natural Disaster**      Following a natural disaster, shortages of materials could delay the completion of repairs. The RLC of jurisdiction should be contacted for consideration of repair waivers on a case-by-case basis when a Veteran wishes to proceed with purchasing or refinancing a home in need of repairs when needed materials are not readily available.
- 

- e. Escrowed Funds for Completion of Repairs**      Depending on the nature of required repairs, it may be advantageous for the Veteran to have the MPR repairs completed after closing on the loan. Lenders may hold funds in escrow for repairs to be completed after closing, however all repairs must be completed and escrowed funds distributed before the loan may be guaranteed by VA.
-