

## NOTICE TO THE LENDER

All required repairs must be completed in a professional manner prior to closing, and in compliance with HUD guidelines. The lender is responsible for coordinating repairs with appropriately qualified individuals or entities, which may include professional engineers, tradespersons, HUD fee inspectors, or HUD roster appraisers. The lender must obtain documentation that all readily observable deficiencies noted by the appraiser have been acceptably corrected. The FHA appraiser shall invoke a VC condition for every "yes" response or other items requiring clarification.

### SITE CONSIDERATIONS

#### VC-1 Site Hazards and Nuisances

Check the appropriate response for *readily observable* evidence of hazards. Hazards, as defined below, are conditions that endanger the health and safety of the occupants and / or the marketability of the property. Use these criteria to determine the extent of the hazard. Please refer to HUD Handbook 4150.2 Section 2-2 for unacceptable locations and the protocol in Appendix D of the Handbook for further guidance.

**Provide a detailed comment for any "yes" response on Page 5.**

- a. Surface evidence of subsidence / sink holes  
 yes  no
- b. An active or planned oil or gas-drilling site is within 300 feet of the subject dwelling or related property improvement(s)  
 yes  no
- c. Subject dwelling or related property improvement(s) is / are within 75 feet of an operating oil or gas well with no visible mitigation measures  
 yes  no
- d. Abandoned oil or gas well within 10 feet of subject dwelling or related property improvement(s)  
 yes  no
- e. Readily observable evidence of slush pits  
 yes  no
- f. Excessive noise or hazard from heavy traffic area  
 yes  no
- g. New / proposed construction in airport clear zone  
 yes  no
- h. Subject dwelling or related property improvement(s) is / are within 10 feet of the easement for a "high-pressure" gas or petroleum line  
 yes  no
- i. Subject dwelling or related property improvement(s) is / are located within the engineering (designed) fall distances for overhead high-voltage transmission line tower, radio / TV transmission tower, cell phone tower, microwave relay dish or tower, or satellite dish (radio, TV cable, etc)  
 yes  no
- j. Excessive hazard from smoke, fumes, offensive noises or odors  
 yes  no
- k. New / proposed construction or all manufactured homes in Special Flood Hazard Areas without LOMA or LOMR or elevation certificate  
 yes  no
- l. Stationary storage tanks with more than 1000 gallons of flammable or explosive material  
 yes  no

### PROPERTY CONSIDERATIONS

Mark "YES" for any *readily observable* deficiency noted below. Each "YES" constitutes a limiting condition on the appraisal. Each condition requires repair or further inspection. These conditions must be satisfied prior to closing for the mortgage to be eligible for FHA mortgage insurance. Please refer to HUD Handbook 4150.2, Section 3-6 for guidance on HUD's General Acceptability Criteria. Also, refer to the protocol in Appendix D of the Handbook for repair and inspection requirement parameters.

#### VC-2 Soil Contamination

Check the appropriate response. **Provide a detailed description of "yes" responses and provide further analysis on Page 5.**

- a. Surface evidence of an Underground Storage Tank (UST)  
 yes  no
- b. Proximity to dumps, landfills, industrial sites or other locations that could contain hazardous materials  
 yes  no
- c. Presence of pools of liquid, pits, ponds, lagoons, stressed vegetation, stained soils or pavement, drums or odors  
 yes  no

#### VC-3 Grading and Drainage

Check the appropriate response. **Provide a detailed description of "yes" responses on Page 5.**

- a. Grading does not provide positive drainage from structure(s)  
 yes  no
- b. Standing water proximate to structure(s)  
 yes  no

#### VC-4 Individual Water Supply and Sewage Systems

Check the appropriate response. **Provide a detailed description of "yes" or "unable to determine" responses on Page 5.**

- a. Private sewage system shows observable evidence of system failure  
 yes  no
- b. Property lacks connection to public water\*  
 yes  no
- c. Property lacks connection to a public / community sewage system  
 yes  no
- d. Separation distance between well and septic tank does not comply with HUD guidelines  
 yes  no  unable to determine
- e. Separation distance between well and drain field does not comply with HUD guidelines  
 yes  no  unable to determine
- f. Separation distance between well and property line does not comply with HUD guidelines  
 yes  no  unable to determine

**\*Lender will require water testing for "yes" response.**

**NOTE:** Connection should be made to public or community water / sewage disposal system. Appraiser shall indicate whether public water or sewage disposal system is available. The lender will determine whether connection is feasible.

**VC-5 Wood Destroying Insects**

Check the appropriate response. **Provide a detailed description of "yes" responses on Page 5.**

- a. Structure and accessory building(s) is / are ground level and / or wood is touching ground  
 yes  no
- b. The house and / or other structure(s) within the legal boundaries of the property show obvious evidence of infestation from wood destroying insects  
 yes  no

**VC-6 Private Road Access**

Check the appropriate response. **Provide a detailed description of "yes" responses on Page 5.**

- a. Property inaccessible by foot or vehicle  
 yes  no
- b. Property accessible only by a private road or drive\*  
 yes  no
- c. Property is not provided with an all-weather surface (gravel is acceptable).  
 yes  no

\*In all cases where a private road exists, lender is to submit evidence that the road is protected by a permanent recorded easement (non-exclusive, non-revocable roadway, driveway easement without trespass from the property to a public street / road) and that there is an acceptable maintenance agreement recorded on the property or that the road is owned and maintained by an HOA.

**VC-7 Structural Conditions**

Check the appropriate response. **Provide a detailed description of any "yes" responses and identify the exact location of any deficiencies on Page 5.**

**Floor Support Systems**

- a. Significant cracks  
 yes  no
- b. Evidence of water damage  
 yes  no
- c. Evidence of spongy / weak / rotted flooring  
 yes  no

**Framing / Walls / Ceiling**

- d. Significant cracks  
 yes  no
- e. Visible holes in exposed areas that could effect structure  
 yes  no
- f. Significant water damage  
 yes  no

**Attic**

- g. Inadequate access  
 yes  no  n/a
- h. Evidence of holes  
 yes  no  n/a
- i. Support structure not intact or damaged  
 yes  no  n/a
- j. Significant water damage visible from interior  
 yes  no  n/a
- k. No ventilation by vent, fan or window  
 yes  no  n/a

**VC-8 Foundation**

Check the appropriate response. (Appraiser must have full access to these areas) **Provide a detailed description of any "yes" responses and identify the exact location of any deficiencies on Page 5.**

**Basement**

- a. Blocked or Inadequate access  
 yes  no  n/a
- b. Evidence of significant water damage  
 yes  no  n/a
- c. Significant cracks or erosion in exposed areas that effect structural soundness  
 yes  no  n/a

**Crawl Space**

- d. Blocked or Inadequate Access  
 yes  no  n/a
- e. Space inadequate for maintenance and repair (Recommend 18 inches)  
 yes  no  n/a
- f. Support beams not intact  
 yes  no  n/a
- g. Excessive dampness or ponding of water  
 yes  no  n/a

**Slab**

- h. Significant cracks that could affect structural soundness  
 yes  no  n/a

**VC-9 Roofing**

**All roofs on subject property must be addressed.** Check the appropriate response. **Provide a detailed description of any "yes" responses and identify the exact location of any deficiencies on Page 5.**

- a. Evidence of deterioration of roofing materials (missing tiles, shingles, flashing)  
 yes  no
- b. Roof life less than two years\*  
 yes  no
- c. Holes  
 yes  no
- d. Signs of leakage observable from ground  
 yes  no
- e. Roof is Flat or otherwise unobservable\*\*  
 yes  no

\*HUD / FHA requires that the roof have at least 2 years remaining life. If the roof has less than 2 years remaining life, then the appraiser must call for re-roofing or repair. The condition must clearly state whether the subject is to be repaired or re-roofed. FHA will accept a maximum of 3 layers of existing roofing. If more than 2 layers exist and repair is necessary, then all old roofing must be removed as part of the re-roofing.

\*\*All such roofs require inspection. Inspections must estimate life expectancy of the roof to be at least 2 years.

**VC-10 Mechanical Systems**

(All utilities must be turned on at time of appraisal, if possible)  
Check the appropriate response. **Provide a detailed description any "yes" responses and identify the exact location of any deficiencies on Page 5.**

**Furnace / Heating System**

(If unable to test check all "yes")

- a. Unit does not turn 'On'  
 yes  no  n/a
- b. Heat is not emitted  
 yes  no  n/a
- c. Unusual or irregular noises are heard  
 yes  no  n/a
- d. Smoke or irregular smell is emitted  
 yes  no  n/a
- e. Significant holes or deterioration on the unit(s)  
 yes  no  n/a

**Air Conditioning (central)**

(If unable to test check all "yes")

- f. Unit does not turn 'On'  
 yes  no  n/a
- g. Cold air is not emitted  
 yes  no  n/a
- h. Unusual or irregular noises are heard  
 yes  no  n/a
- i. Smoke or irregular smell is emitted  
 yes  no  n/a
- j. Significant holes or deterioration on the unit(s)  
 yes  no  n/a

**Electrical System**

(If unable to test check all "yes")

- k. Electrical switches do not function  
(check representative sample)  
 yes  no
- l. Outlets do not function  
(check representative sample)  
 yes  no
- m. Presence of sparks or smoke from outlet(s)  
 yes  no
- n. Exposed frayed or unconnected wiring  
 yes  no

**Plumbing System**

(If unable to test check all "yes")

**Water**

- o. Significant drop or limitation in pressure  
 yes  no
- p. No hot water  
 yes  no

**Toilet**

- q. Toilets do not function  
 yes  no
- r. Presence of leak(s)  
 yes  no

**Sinks / Bathtubs / Showers**

- s. Basin or pipes leak  
 yes  no
- t. Water does not run  
 yes  no

**Leaks**

- u. Evidence of damage under fixtures  
 yes  no
- v. Puddles present  
 yes  no

**Sewer System**

- w. Observable surface evidence of malfunction  
 yes  no

**VC-11 Other Health and Safety Deficiencies**

Check the appropriate response. **Provide a detailed description of any "yes" responses and identify the exact location of any deficiencies on Page 5.**

- a. Broken windows panes / inoperable windows  
 yes  no
- b. Broken or missing stairs  
 yes  no
- c. Broken or missing exterior doors  
 yes  no
- d. Inadequate / blocked entrances or exits  
 yes  no
- e. Steps without handrails  
 yes  no
- f. The mechanical garage door does not reverse or stop when meeting reasonable resistance during closing  
 yes  no  n/a
- g. Health, preservation and / or safety deficiencies exist and are not included in this or any other VC item  
 yes  no

**VC-12 Lead Based Paint Hazard**

For any home built prior to 1978, check for evidence of defective paint surfaces, including: peeling, scaling or chipping paint. Check appropriate response. Provide a detailed description of any yes responses and identify the exact location of any deficiencies on Page 5.

- a. Evidence on interior  
 yes  no
- b. Evidence on exterior  
 yes  no  
Year built \_\_\_\_\_

If the home was built before 1978, this may indicate a lead paint hazard. For all FHA insured properties, correction is required to all defective paint in or on structures and / or property improvements built before January 1, 1978 in accordance with 24 CFR Part 35.

**VC-13 Condominiums**

**Provide a description of "yes" responses on Page 5.**

Property is a condominium  
 yes  no

**If yes,**

- a. This property is not on an FHA approved condominium list  
 yes  no
- b. The condominium project does not meet the 51% owner occupancy requirement. **Mark yes if unable to determine percentage of owner occupancy.**  
 yes  no

**VC-14 Manufactured Housing**

A manufactured home is defined as a structure that is transportable in one or more sections. In the traveling mode, the home is eight feet or more in width and forty feet or more in length and is built on a permanent chassis and designed to be used as a dwelling when connected to the required utilities, which includes the plumbing, heating, air-conditioning and electrical systems contained therein. A Manufactured Home is designed and constructed to the Federal Manufactured Construction and Safety Standards (MHCSS) as evidenced by an affixed certification label. Manufactured Homes may also be referred to as mobile homes, sectionals, multi-sectionals, double-wides, triple-wides or single-wides. Modular housing is built to local / state codes and is not to be considered manufactured housing. When erected on site, to be eligible for FHA insurance the manufactured home is:

- Built on or after June 15, 1976 to the MHCSS
- At least 400 square feet
- Built and remains on a permanent chassis
- Designed to be used as a dwelling with a **permanent foundation built to FHA criteria**

**Provide a description of any "yes" responses on Page 5**

Subject property or any portion of the property is a manufactured home as defined by HUD

yes  no

**If yes, the following are required:**

a. Manufactured home does not have HUD certification label / seal (red tag)  
 yes  no  
Label / Seal Number(s) \_\_\_\_\_

b. Manufactured home has attached additions / structural modifications  
 yes  no  
*If yes, cite nature and location of structural modifications on page 5*

**Alternate Construction serial number**

\_\_\_\_\_

c. Engineering Certification is not present.  
 yes  no  
*Permanent Foundation must comply with the HUD Permanent Foundation Guide for Manufactured Housing---  
(Engineering Cert Required)*

d. Manufactured home is not taxed as Real Estate (personal property title must be purged)  
 yes  no

**ADDENDA**

**A. Provide a summary of estimated repair costs:**

\$ \_\_\_\_\_

Please attach any additional information / reports and give number of attached pages. \_\_\_\_\_

**Public reporting burden** for the collection of information is estimated to average 30 minutes to complete the Comprehensive Valuation Package. This includes the time for reviewing the associated Handbook and reporting the data. This does not include the requisite market research or the appraisal process. This agency may not collect this information, and you are not required to complete this form unless it displays a currently valid OMB control number.

**Privacy Act Notice:** This information is required for the U.S. Department of Housing and Urban Development to endorse a single-family mortgage and is used for underwriting purposes. The collection of this information is necessary to comply with HUD's Home Buyer Protection Plan. The information may be made available to a federal agency for review. This information is not confidential and will be made available to the public.

