



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-8000

OFFICE OF HOUSING

TO: Property Inspectors of Single Family REO Homes
Management and Marketing Contractors
HUD Homeownership REO and Program Support Staff
HUD Field Office Staff

FROM: Headquarters Single Family Asset Management Division

SUBJECT: Special Property Inspection Training Clarifications

The SPI training held on November 1, 2007, via webcast was provided at the request of entities (M&M contractors, property inspectors and HUD monitors) involved in the process to define HUD's position relative to the inspection process. The audience's level of expertise regarding familiarity with the inspection process was varied. Some benefited greatly from the training and others thought it too elementary and served no purpose because they were hoping for definition on conditions that are not black and white. The execution of property management contains multiple variables which can make very similar basic issues demand different approaches to resolution. It is incumbent upon each entity involved in the inspection process to apply diligence in carrying out their respective portion.

The following clarifications will serve as the written guidance to address the items that were presented in the training as well as responding to comments received after the training. The clarifications are addressed in likeness to the format of the SPI form, i.e. Site, Interior and Exterior. Since health and safety categories exist in each segment of the inspection form, that category is isolated and addressed as the last category in this document.

If you have any questions, please confer with your respective GTR for a response.

Site

Discussion Topic	<i>Overgrown/ Penetrating Vegetation > 6''</i>	-5
	<i>Routine Lawn Maintenance Needed</i>	-3
Perception	Only one or the other should apply	
Guidance	The Overgrown/Penetrating Vegetation applies to vegetation including ground cover, shrubbery, vegetation on walls or fencing in excess of 6 inches is a 5 point deduction.	

	<p>Routine Lawn Maintenance Needed refers to a lawn. If the lawn is in need of cutting and/or grass growing in cracks or leaf accumulation is not removed then a 3 point deduction applies.</p> <p>As stated during the presentation, a maximum of 8 points could be assessed if both conditions are present. They are to be treated as two separate issues. All clippings and accumulation of dead branches, etc. are not to be stored on the property, they must be hauled away.</p>
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Discussion Topic	<i>Driveway - Snow removal needed</i>	No point deduction
	<i>Walkways/Steps – Snow removal needed</i>	-2
Perception	In the driveway, only a path leading to the house is to be cleared.	
Question	How many inches of snow accumulation is allowed before the inspector should cite?	
Guidance	The baseline for removal is set at 3 inches as cited in HUD Mortgagee Letter 07-03 or subsequent policy directive, or amount as determined by local codes and/or ordinances.	
	HUD’s expectation is for the entire walkways (front, rear, side) and/or driveways to be cleared.	

Discussion Topic	<i>Storm Drainage Gutters</i>	No point deduction
Guidance	A few scattered falling leaves on the rooftop should not be cited on the inspection form. However, if fallen leaves, branches, debris, etc. are such that the gutters are obstructed, then it must be cited accordingly, comments posted and a supporting photo taken.	

Discussion Topic	<i>Sheds/Outbuildings/Detached Garages</i>	-5
Guidance	The inspection form cites Not Secured/ Debris/ Demolition Needed. If any or all of these conditions exist then a 5 point deduction applies.	
	Does the structure (one that is not in need of demo) have a door or window that is unsecured because it is either missing or the hardware is missing? If so annotate on the form accordingly and supply the supporting photos. An alert will not be generated, unless there are sharp exposed edges such as broken windows or door hinges exposed, etc. At a minimum, a 5 point deduction is applicable.	
	Some of these buildings may be open by original design. There <u>is not</u> an expectation that the original design will be changed; in this	

	scenario missing hardware for a door does not apply. However a broken or missing window or demo needed may exist and at a minimum, a 5 point deduction is applicable.
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Interior

Discussion Topic	<i>Uncapped Wires vs Taped Wires</i>	-1 point deduction
Question	Is taping of uncapped wires is sufficient?	
Guidance	<p>Uncapped wires are to be capped; taping of such is unacceptable and should be cited as uncapped.</p> <p>NOTE: If wires are uncapped upon inspection and exposed, then also cite under the header, "Exposed Wires/Open Panels" under the health and safety category.</p>	

Discussion Topic	<i>Carpet – Dirty vs Stained</i>	-1
Practice	Some inspectors have cited stained carpeting as a point deduction under the Floor Covering Damage/missing tiles category and some have not.	
Guidance	<p>If the carpet is not cleaned then a 1 point deduction applies, however if the carpet is stained, water damaged, mold and/or mildew is present then cite in the appropriate categories under the floors category.</p> <p>NOTE: If there is water damage, mold and or mildew present then annotate under the appropriate header under the health and safety category. The citation may fall under air quality or other hazards header.</p>	

Discussion Topic	<i>Cleaned but Stained – Countertops, Tubs, Sinks and Water Closet</i>	No point deduction
Practice	Some inspectors have cited stained but cleaned items (other than floor covering) as a point deduction and some have not.	
Guidance	If the surface is clean yet stains are present (other than floor covering) a point deduction is not applicable.	

Discussion Topic	<i>Personal Property vs Debris</i>	-5
Perception	Any items left in the main dwelling and attachments are considered debris and receive point deductions.	
Guidance	Personal property and debris is under the Miscellaneous header in this category.	

	<p>There should be no debris at any time. If personal property is present at the property at the time of inspection and the aforementioned applies, official signage should be posted to inform visitors of the ongoing action to mitigate removal of such. If official signage is posted, annotate the personal property and annotate the signage and include at a minimum, date of signage in addition to the eviction or removal date) under the comments section. If there are appliances, such as refrigerator, freezer, washer and dryer left at the property and they appear operable and are clean, it is acceptable for them to remain in the dwelling, unless local law dictates removal of such.</p> <p>Window coverings that are not torn or ragged are acceptable to leave in tact. There is no need to annotate as personal property.</p>
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Discussion Topic	<i>Windows – Entry Accessible Window Left Unlocked</i>	-4
	<i>Windows - Inoperable/Not Lockable</i>	-5
Practice	<p>Windows that have locking mechanisms that are operable and the window is not locked at the time of inspection, a 4 point deduction applies. NOTE: <i>The inspector should lock window prior to departure.</i></p> <p>-----</p> <p>Windows that are inoperable/not lockable due to, broken or missing hardware or framing, have not been addressed (repaired or repaired properly) in some instances. The remedy in some instances has been to nail the windows shut.</p> <p>Windows that are painted shut are inoperable and a 5 point deduction applies.</p>	
Guidance	<p>The windows are to be made operable by eliminating the reason for them presently being inoperable.</p> <p>NOTE: Boarding of windows as a remedy is unacceptable unless prior approval has been granted by the GTR or the property is located in a designated pre-approved board up / screened area.</p>	

Discussion Topic	<i>Ceiling</i>	No point deduction
Perception	If there is no water present at the time of inspection, then damage, etc. is not to be annotated on inspection form.	
Guidance	Under the ceiling header there are 3 line items. Each line item contains multiple issues. If ceiling damage, water stains etc. are present at the time of inspection, Inspector is to cite in accordance to the applicable item(s).	

	NOTE: If water is leaking from the ceiling, or bulging is present in addition to other hazardous items being present at the time of inspection annotate under the “Other Hazards” header under the Health and Safety category.
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Discussion Topic	<i>Property Lacks Winterization</i>	-10 and Alert
Perception	If there is anti-freeze in the tank of the commode, then property is winterized. If not, then it is not winterized.	
Guidance	Please consult with local code with respect to winterization. If local code has governing guidance or is silent on winterization issues, HUD Mortgagee Letter 2007-03 provides guidance on the winterization timeframes, geographic variations, etc. It is incumbent upon the inspector to determine whether or not the property is properly winterized.	

Exterior

Discussion Topic	<i>Tarped Roofs</i>	-15
Perception	A tarped roof is acceptable as long as there is no water present on the interior of the dwelling.	
Guidance	<p>A tarp is evidence that there is or was a roof leak or roofing material is compromised.</p> <p>If there is a tarp present on the roof, the inspector should answer “yes” under the Active Roof Leaks Evident line of the Roofs category.</p>	

Discussion Topic	<i>Exterior Doors</i>	No point deduction or -1 and/or Alert
Practice	In the absence of doors containing operable hardware etc., which would allow proper securing, some door openings have been boarded or nailed shut.	
Guidance	<p>Inspectors must respond to the each line item within this category. If the first line item, “Missing# / Not Securable# is “yes” an alert will be automatically generated.</p> <p>If the door has been nailed shut or boarded then the inspector should annotate accordingly under the appropriate line item. Possibly it is evident that the hardware/locks are damaged, or the door or door frame is missing or damaged (it is a great probability if it has been nailed shut).</p> <p>If the later scenario is present, an alert will not be generated. Please</p>	

	do not annotate under health and safety, unless a hazard is actually present.	
Discussion Topic	<i>Windows</i>	-2
Guidance	<p>There are 2 line items under this category. Inspector must indicate applicable response in each category.</p> <p>Broken windows are to be replaced and not boarded unless prior GTR approval has been granted or property is located in a pre-approved board up area in accordance with the jurisdictions identified in HUD Mortgage Letter 2007-03 or subsequent guidance.</p> <p>NOTE: If broken windows present a hazardous situation, also annotate under the "Other Hazards" header under the Health and Safety category.</p>	

Discussion Topic	<i>Security Boarding</i>	No point deduction or Alert
Guidance	<p>This category is to address whether or not the property is boarded. Respond with "yes" or "no". If the answer is "yes" annotate in the comments section with the location of the board or screen and provide supporting photo.</p> <p>NOTE: If the home is boarded and located outside of a pre-approved board up jurisdiction, <i>do not</i> annotate under "Other Hazards" unless a hazard exists.</p>	

Miscellaneous

Discussion Topic	<i>Photos</i>	
Guidance	<p>Photos must be clear and properly annotated in accordance with the SPI contract. Photos must accompany all deficiencies cited on the inspection form.</p>	

Discussion Topic	<i>Unable to Locate Properties</i>	-50
Guidance	<p>Inspectors must comply with their contracts with respect to address verification, when they are unable to locate a property. Complete the inspection form in accordance with contract requirements.</p>	

Discussion Topic	<i>Unable to Access Properties</i>	-50
Guidance	<p>Take photo(s) of attempt to gain access and complete inspection report in accordance with contract requirements.</p>	

Health & Safety Alerts

Discussion Topic	<i>Health & Safety Alerts</i>	<i>I = Interior Page S = Site Page E = Exterior Page</i>
Guidance	<p><u>Air Quality Mold and/or Mildew Observed</u> – If mold or mildew is present respond with a “yes” and comment appropriately and supply supporting photographs. <i>I</i></p> <p><u>Air Quality Sewer Odor Detected</u> – In the comments portion of this line item identify the origin of the odor, such as neighborhood, septic system, etc. <i>S</i></p> <p><u>Flammable Materials Improperly Stored</u> – Identify any flammable materials that are improperly stored, such as paint cans amongst rags. There is a requirement for debris to be removed from interior and exterior, however there may be instances where household cleaning solutions, paint cans are stored under kitchen or bathroom sinks or inside the garage or basement. Cite as hazardous if these items are <u>stored improperly</u> as in the afore-mentioned example. <i>S, I</i></p> <p><u>Other Hazards</u> - Use this line item to cite hazards other than those delineated that are present at the time of inspection. Supporting photos and description must accompany any such item. An example of this is contained on slide #53 of the training materials. The example is a partially detached ceiling fan that is not flushed with the ceiling, due to missing hardware. <i>S, I, E</i></p> <p><u>Sharp Edges/Tripping</u> – There were examples during the training of exposed gate hinges, multiple instances of protruding nails, loose edging on exterior siding, raised walkways and curled rubber matting. All were hazards and should be cited under Sharp Edges/Tripping line item, with the exception of a protruding nail instance shown in slide #40 of the training materials and the raised walkway. There is not an expectation that municipally maintained walkways are the responsibility of the owner to repair. If driveways or walkways that are a part of the property and cracks and/or uneven leveling are present, annotate under the first line item under the Driveway category and comment accordingly.</p> <p>An exception are instances of raised walkways, driveways, etc. that create an imminent danger to the safety of a person or the property. In this scenario, annotate under, “Other Hazards”. <i>S, I</i></p> <p><u>Infestation, Rats/Mice/Vermon/Insects</u> - A couple of dead insects does not classify as an infestation. Ant mounds in the yard and not in</p>	

	close proximity to the dwelling is not a hazard. Wasp and bee nests, mouse and rat droppings, bird droppings should be responded to with a “yes” response with specific comments and accompanying photo(s). <i>S, I</i>
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