



Home Inspection Alternative to Appraisal in High-Needs Rural Areas

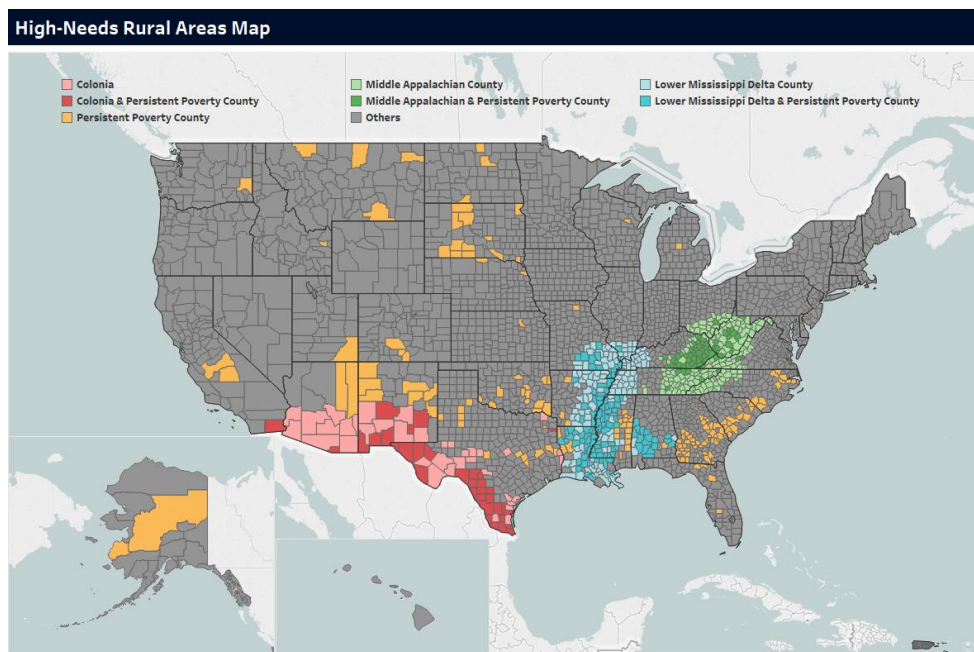
For certain home purchase transactions in rural high-needs areas, Fannie Mae may offer to waive the appraisal in exchange for a mandatory home property inspection. The rural high-needs appraisal waiver seeks to help low- to moderate-income borrowers avoid unanticipated, potentially high-cost, post-purchase repairs.

Benefits

- Supports homeownership sustainability in rural high-needs areas
- Provides potential cost and cycle time savings
- Helps to mitigate the risk of delinquency/default due to future repair costs

Eligibility

This offer will be considered only for property locations designated as rural high-needs by the Duty to Serve requirements. The map below shows the eligible counties.



(Click [here](#) to access an interactive version of this map on the Federal Housing Finance Agency's website.)

The following eligibility requirements must also be met:

- Purchase transactions only
- Desktop Underwriter® (DU®) loan casefile receives an Approve/Eligible recommendation
- One-unit principal residence properties (excluding manufactured homes)
- Borrowers with income equal to or less than 100% of the area median
- LTV ratios up to 97%; and CLTV ratios up to 105% with a Community Seconds®



How it works

Appraisal waiver offers are issued through DU. If an offer is received and the lender and borrower agree to accept the offer, the lender follows these steps:

1. Obtain a home property inspection report from a state licensed inspector or from a professionally designated inspector in locales that do not have licensure
2. Review the property inspection report and represent and warrant that the property is safe, sound, and structurally secure and that the property is not in C6 conditionⁱⁱ
3. Provide a copy of the property inspection report to the borrower, who signs an affidavit that they have been given a copy, read the report, and have been notified of any lender-required repairs
4. Provide Special Feature Code (SFC) 801 at the time of loan delivery and maintain a copy of the inspection report in the loan file

See the *Selling Guide* for a full [list of lender responsibilities](#).

Standard mortgage insurance is required for this offering. This waiver *may be* combined with other *Selling Guide* offerings such as HomeReady®.

Offers available for eligible transactions effective in late 2018.

For detailed information, refer to [Selling Guide B4-1.4-10](#), or contact your Fannie Mae account team with questions.

ⁱ To learn more about Fannie Mae's Duty to Serve Underserved Markets Plan and what the company is doing to make housing more accessible, visit [Fannie Mae's Duty to Serve webpage](#).

ⁱⁱ C6 property condition is defined in [Selling Guide B4-1.3-06](#): "The improvements have substantial damage or deferred maintenance with deficiencies or defects that are severe enough to affect the safety, soundness, or structural integrity of the improvements. The improvements are in need of substantial repairs and rehabilitation, including many or most major components. Note: *Substantial repairs are needed to the improvements due to the lack of adequate maintenance or property damage. It reflects a property with conditions severe enough to affect the safety, soundness, or structural integrity of the improvements.*"