

Managing Property Inspections

For more information, see Guide Sections 64.7 and 65.30 through 65.36.

When a loan becomes delinquent, or you receive information indicating that the property is distressed or damaged, it is important that you monitor the condition of the property to protect both our interests and yours.

This quick reference outlines our requirements for obtaining and reviewing property inspections. Refer to *the Single-Family Seller/Servicer Guide* (the Guide) or our publication, *Foreclosures and Adverse Matters*, for additional information about property inspections. If you have any questions about property inspections, please contact (800) FREDDIE.

What Is a Property Inspection?

A property inspection is an onsite inspection of the property to determine:

- The condition of the property
- If there is any waste, deterioration or vandalism
- The occupancy status
- If the property has been abandoned
- If the property is listed for sale
- If there are obvious environmental hazards
- If there is deferred maintenance
- If there are health and safety problems
- If visible asset preservation is needed

Document the property inspection on Form 1013, *Property Inspection Report*. You may also use a substitute report, since some inspectors use automated or computer-generated reports. The substitute report must contain all of the information requested on Form 1013. Refer to the Forms section in Volume II of the Guide for an example of Form 1013.

Note: Generally, we do not consider a curbside inspection to be sufficient. However, there may be circumstances (such as personal danger to the inspector) or legal constraints (such as bankruptcy) under which a curbside inspection would be appropriate.

When to Order a Property Inspection

Order a property inspection:

- Between the 45th and 60th day of delinquency, and monthly thereafter until one of the following occurs:

- The foreclosure sale
- The borrower begins making payments under an approved repayment plan
- The borrower pays off the mortgage or brings the mortgage current

- Immediately, if you:

- Suspect that the borrower may have abandoned the property, or
- Learn that the property may be distressed, or
- Learn that the property has been affected by a natural or man-made disaster

Note: If you determine that the property is distressed or abandoned, inspect the property monthly until the condition is resolved.

- Within three business days, when you receive an unsolicited disclosure of, or a request for pre-seizure information (illegal activities) or government notice of a property seizure

You may also need to order a property inspection periodically to monitor the repair or reconstruction of a property when an insurance loss settlement is pending.

For more information, see Guide Sections 58.10 and 67.29.

Reviewing the Property Inspection

After you receive a property inspection, it is important that you review it thoroughly. Research any changes that have occurred since the previous property inspection, especially changes in occupancy status and property condition. If the property inspection report displays codes or symbols to report information, make certain that the inspector provides instructions on how to interpret the data.

Retain property inspection reports in the mortgage file, or via electronic data storage for as long as you have the mortgage file.

The following table outlines the steps you should take to report the property condition to us if you determine that the property is abandoned, distressed, affected by a natural or man-made disaster, or poses a risk of property ownership.

If the property inspection indicates that...	Then...
The property is abandoned	<ul style="list-style-type: none"> ■ Report the abandonment to us, if the mortgage is 30 days or more delinquent. Report via Electronic Default Reporting (EDR) within the first three business days of the month following the month you determined the property was abandoned. Use default reason code 008 (abandonment of property).

For more information, see Guide Section 67.28.

For more information, see Guide Sections 58.10 and 67.29.

For more information, see Guide Section 67.27.

If the property inspection indicates that...	Then...
The property is affected by a natural or man-made disaster	<ul style="list-style-type: none"> ■ Report the condition to us, if the mortgage is 30 days or more delinquent, via EDR within the first three business days of the month following the month you learned of the disaster. Use default reason code 019 (casualty loss). ■ Monitor the progress of repairs and inspect the property to ensure repairs are completed in accordance with Section 58.10 of the Guide.
There is risk of property ownership	<ul style="list-style-type: none"> ■ Notify us of the condition, even if the mortgage is not delinquent, by sending us Form 105, <i>Multipurpose Loan Servicing Transmittal</i>, with a copy of the property inspection report within three business days of identifying the risk. ■ If the mortgage is 30 days or more delinquent, you must also report the condition to us via EDR within the first three business days of the month following the month you identified the risk. Use default reason code 011 (property problem).
The property is distressed, but there is no risk of property ownership	<ul style="list-style-type: none"> ■ Report the condition to us, if the mortgage is 30 days or more delinquent, via EDR within the first three business days of the month following the month you identified the condition. Use default reason code 011 (property problem).

Note: When reporting via EDR, you must also report the occupancy status code, default action code(s), and property condition code. Refer to the EDR Quick Reference Guide for additional information and detailed instructions.

Additional Information for Manufactured Homes

If the property inspection indicates that the property type is a Manufactured Home, the inspection report must also indicate:

- Whether or not the property is permanently attached to the foundation.
- Whether the Manufactured Home is a Single wide or larger.