



Multi Family Home and the VA Loan (Based on experience & much trial and error)

The VA will allow the purchase of up to a 4 unit Multifamily (MF), so long as the Veteran lives in one of the units. However, other VA rules make MF's hard to acquire. As they need to be in move in ready condition. Single Family (SF) rules that carry over are included below.

Keep in mind, MF's, especially bank owned MF's, are often in 'as-is' condition. Meaning, the seller or bank will not fix anything, so if any of the following are present, the probability of the deal working with a VA loan is negligible.

A home inspection for a MF, can run \$700-\$1000

Single Family (SF) rules that carry over are included below.

(SF's also need to be in move in ready condition.)



A **Condex** is a duplex style **condominium** development consisting of only 2 units. ... Lower prices, and no **condo** fees are the top benefits of a **Condex**. You also have your own yard...with all it's maintenance too! Sounds very similar to owning your own single family property, other than each unit shares a wall. The VA is usually fine with Condexes.

Read the remarks in the MLS listing carefully, if the words, **contractors, developers, investors, repairs, 'as-is', TLC**, or there is a **negotiation fee of \$1000-\$10,000** beware, these are tells that the property will not work with a VA loan.

Also if there are no pictures, then there is likely nothing good, to take a picture of. A home inspection for a SF, can run \$350-\$750

(This is why you need an agent, if it were easy, you would not need me!)

1. **Roof Life. You need at least 3-5 Years worth of roof life left.**

Things to look for are ceiling stains and leaks. Missing shingles. The damaged or missing seals around any vents and chimneys. Warped sheathing. Chimneys, that need repointing (cement) between the bricks, or missing bricks.

2. **Pest inspection. The Wood Destroying Insect Inspection Report (Form NPMA-33).** This report is necessary for any VA

loan, on any property MF, SF, or condos. Insects like termites, powder post beetles, carpenter ants, carpenter bees, ect., can be an issue. However, so long as the damage is minor, and not structural, it is remedied, by treatment, by a pest company. Usually \$200-\$1500, the VA will want invoices, and the treatment documentation (chemicals used). If the damage is structural, then a structural engineer is needed to assess the damage, and advice on the proper repairs. Many sellers and buyers, will not want to deal with this due to the expense. (\$300+ for the engineer, and a lot more money to repair)

3. **Basements & Foundations.** Some MF's & some SF's are older, some quite old, over 100+ years old. Building practices a century ago were not as good as today. Often the foundations are lacking the proper footings, beams and supports. This leads to uneven floors & settling. Foundations in time need to be repointed, the gaps, provide access to pest, to enter the property. Dirt floors allow moisture to enter the basement, and termites love wet/moist wood.
4. **Electrical Systems.** I have seen lovely Victorian properties, that have what appears to be modern circuit breaker 200amp, electrical systems. However, buried inside the walls is knob and tube wiring or aluminium wiring. Both pose a hazard that could cause shorts, and possibly electrical fires. Other potential issues are items like the Federal Pacific, electrical box, they had a fire issue, and had a lawsuit over said issue.
5. **Plumbing Issues.** Many MF's & some SF's still have an abundance of cast iron plumbing. This has a service life of about 100 years. It rusts from the inside out, so by the time it starts to leak, it will need replacing asap.
6. **Paint Issues.** Since 1978 lead paint has been banned. It causes health issues, especially in children under six. Paint chips, and dust created from opening painted wood window sills, that can be inhaled, by children and adults. The mandatory form associated with lead paint is, THE PROPERTY TRANSFER NOTICE. Many owners do not test for lead. It is expensive to de-lead, and once you test, you have to disclose the results. Whether this is right or wrong, many sellers, prefer to remain

willing ignorant, than have to disclose the presence of lead. If you rent MF units, and a child of six is living there, you may have to test. And according to the law, MF's with 3-4 units have to rent to anyone financially qualified. You cannot discriminate. In MF's with two units, if the owner lives in one unit, they have more latitude, but 'can not' use an agent, and are limited in how they advertise, the unit for rent. Follow the state lead testing record website below.

<https://eohhs.ehs.state.ma.us/leadsafehomes/default.aspx>

7. **Mold** is another thing to look out for. There are thousands of types of mold. A small percentage can cause health effects. Mold tests cost about \$600-\$1000. Mold can grow on wood and paper, in the presence of moisture. If the bathroom vents are vented into the attic, or there is a dirt floor in the basement, mold is a possibility. Inspectors, are not mold experts, they will say there is, 'an unknown substance' or something similar.
8. **Asbestos**. Some older properties may have asbestos tiles, or insulation on the pipes. While a good insulator, and harmless, if not airborne. **It is harmful, if airborne.**
9. **Wells**. Many MF's are in towns and cities, with municipal water & sewer. Municipal water & sewer is ok for VA. However, if they have a well, the water needs to be tested by a 3rd party (often the home inspector), for Nitrites, Nitrates, Ecoli, & Coliform. Essentially the runoff from fertilizers, and bacteria. This carries over to MF's as well, & condos.

10. **Septic Systems**, if present. Otherwise known as a Title V inspection. New systems have what is called a Certificate of Compliance. These can be found at the town or city Board of Health (BOH). These certify the septic system is operational, safe, and in good condition. If you have city sewer, then this is not a problem or concern.

11. **Heat, Hot Water Systems & Utilities.** Make there are separate utilities to all the units. Make sure they are in good condition. Look for leaks, corrosion on the pipes and the age of the systems. Tank water heaters only have a limited life, about 10+ years.

12. **Radon.** If there is a basement & a basement unit, you can request of the inspector, to do a radon test. Radon is a radiological naturally occurring gas, that come up from rocks in the ground. If detected in higher concentrations, a radon mitigation system, can fix it, easy enough. It is essentially a fan, that transfer air, under the foundation, to outside the house \$1000-\$2000.

13. **Appraising.** An appraiser will do a VA appraisal report. They will look for safety items, like, broken stairs, missing handrails, , ballister, chipping paint, ect. **Important! Make sure all the bedrooms have a window (that exits to the outside), door, closet, heat, and is more than about 7x7 feet. Otherwise it will not count as a bedroom, and you will not appraise as high.**

14. **Garages & Sheds.** The home inspector will have to include them on a pest inspection. The appraiser may include any out buildings, as well, as well as check safety items, as mentioned before.

Read the MLS listings carefully, sellers are supposed to disclose, the before mentioned items.