

Funding, Finance and Credit

M: I am interested in buying a house which is listed "as is." Will a bank require an inspection before approving a loan? Will a bank approve a loan on a house needing repairs?

A bank doesn't require you to get a house inspection in order to obtain a mortgage. If there are obvious major problems that affect value, the appraiser may note it in the appraisal report. However, their job is not to inspect the home, just to determine value.

Although the bank doesn't require a home inspection, if your purchase contract mentions a termite report, the lender will require that to be performed and pass before you close.

A termite report lists more than pest infestations. It also mentions obvious structural defects, such as wood rot, etc. These are classified into two groups - category 1 and 2. All items in category 1 must be repaired prior to closing. However, the lender does not stipulate who must pay for those repairs.

Unique solution ID: #1715

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Last update: 2016-05-20 02:37