Understanding VA Appraisal Repairs vs. Ordinary Home Inspection Findings

When you buy a home with a VA loan, the appraisal process serves a dual purpose. It determines the property's market value for the lender, and it also checks that the house meets the VA's minimum property requirements (MPRs). These requirements exist to ensure the home is safe, structurally sound, and sanitary for the veteran and their family. A standard home inspection, on the other hand, is a detailed look at the property's condition from top to bottom, covering systems, components, and potential future issues. The two reports often overlap, but they have very different purposes and consequences for the buyer and seller.

Understanding the difference between a VA-required repair and a finding from a home inspection can save you time, money, and frustration. This article explains what each type of finding means, when it matters, and how to weigh your options during the home-buying process. scarpero.com offers a plain-language guide to VA loan eligibility and related home financing issues, and this topic is central to making informed decisions.



What the VA Appraisal Looks For

The VA appraisal is not a home inspection. The appraiser is a licensed professional who works for the lender, not for you. Their job is to assess the property's value and to verify that it meets the VA's MPRs. The MPRs cover a limited set of conditions: the property must have adequate roofing, functioning utilities (heating, electricity, plumbing), safe drinking water, and no obvious safety hazards or structural defects. The appraiser also checks for signs of wood destroying insects, such as termites or carpenter ants, that could compromise the structure.

If the appraiser finds an issue that violates an MPR, it becomes a required repair. The seller must fix it before the VA loan can close, or the buyer must agree to fix it using a repair escrow in some cases. These repairs are non-negotiable from the lender's perspective. The VA will not guarantee a loan on a property that fails to meet the MPRs, so the deal depends on getting them resolved.

What a Home Inspection Covers

A home inspection is far more thorough. The inspector examines the roof, attic, crawlspace, foundation, electrical system, plumbing, HVAC, insulation, windows, doors, and more. They look for minor defects, deferred maintenance, and potential problems that could become expensive later. A typical inspection report might list dozens of items, from a loose handrail to an aging water heater. None of these findings are required repairs unless the buyer's contract with the seller makes them so.

The key difference is that inspection findings are about the property's overall condition and future maintenance. The VA appraisal only cares about immediate health, safety, and structural soundness. A cracked window pane might be a safety hazard under MPRs if it's broken in a way that could cut someone, but a hairline crack in a window seal is purely an inspection item. Similarly, a roof with a few missing shingles might not fail an MPR if the roof is still watertight and structurally sound, but an inspector would flag it as a potential leak source.

When Repairs Are Mandatory vs. Negotiable

VA-required repairs are mandatory for the loan to proceed. The seller must complete them, or in some cases, the buyer can set aside funds in a repair escrow to complete them after closing. The VA allows repair escrows for up to 15 percent of the appraised value, but only for specific types of repairs that are not emergencies. Safety hazards, structural defects, and wood destroying insect damage usually must be completed before closing.

Home inspection findings are negotiable. The buyer can request that the seller fix certain items, offer a credit toward the cost, or simply accept the house as-is. The seller may agree, counter, or refuse. If the buyer and seller cannot reach an agreement, the buyer can walk away,

but that decision is contractual, not regulatory. The VA loan program does not require the seller to address any inspection finding that does not violate an MPR.

How to Handle Overlap and Confusion

Sometimes an inspection finding reveals a problem that also violates an MPR. For example, an inspector might find a water stain on the ceiling that indicates a slow roof leak. The appraiser might not notice the stain if it's small, but if the leak has caused rot or a sagging ceiling, the appraiser will flag it as a structural defect. In cases of overlap, the required repair is the strictest standard. If the appraiser says the roof needs repair, it must be fixed even if the inspector thought the stain was minor.

Another common overlap is with wood destroying insects. An appraiser will look for visible signs of infestation or damage. An inspector might use a moisture meter or probe suspect areas to confirm activity. If the appraiser finds evidence of termites, the VA requires a licensed pest control company to treat the infestation and repair any damage. The inspector's report may add context about the extent of the damage, but the VA's requirement is what drives the timeline and cost.

Strategic Considerations for Buyers

As a buyer using a VA loan, you should always get a home inspection. The appraisal is not a substitute, and it will not tell you about the condition of the furnace, the age of the roof, or the presence of mold in the attic. The inspection gives you the full picture so you can decide whether the property is worth the price and whether you can afford the future repairs.

When you receive both reports, prioritize the VA-required repairs. Those must be completed for the loan to close. Then look at the inspection findings and decide which ones matter to you. Some buyers ask the seller to fix all safety-related inspection items, even if they are not MPR violations, because they want the house to be safe from day one. Others focus on major systems like HVAC or plumbing, where a failure could cost thousands soon after closing.



If the seller refuses to fix inspection items that are not MPR violations, you have a choice: accept the house as-is, renegotiate the price, or walk away. The VA loan does not give you any leverage beyond the MPRs. The seller knows that the VA requires certain repairs, so they may be more willing to address those to keep the deal alive. But they are under no obligation to fix a dripping faucet or a noisy garage door opener.

Repair Escrows and Their Limits

A repair escrow is a tool that allows a buyer to close on a home with a VA loan even if some required repairs are not yet complete. The lender sets aside a portion of the loan proceeds, typically 1.5 times the estimated repair cost, to pay for the work after closing. The work must

be completed within a specific timeframe, usually 90 days. Not all repairs qualify. Safety hazards and structural defects generally must be finished before closing. Cosmetic items like peeling paint or worn carpet are not eligible because they don't affect the MPRs.

Repair escrows are useful when the seller is willing to pay for the repair but cannot complete it before closing due to weather, contractor availability, or scheduling. They can also be used when the buyer wants to oversee the work themselves. However, the escrow process adds paperwork and requires an approved contractor to provide an estimate. It's not a shortcut to avoid fixing things; it's a way to keep the transaction moving when timing is tight.

Practical Tips for Navigating Both Reports

Start by reviewing the appraisal report carefully. The appraiser will list any MPR violations and may include photos. Compare those items with the inspection report to see if the inspector noted the same issues or found additional details. If the appraiser requires a repair that the inspector did not flag, ask the inspector to re-evaluate. Sometimes the appraiser's concern is minor, and the inspector can confirm that it does not pose a safety risk.

If the appraiser requires a repair for a condition that the inspector thinks is fine, you may need a specialist to provide a second opinion. For example, if the appraiser says the roof has structural damage but the inspector says it's just a few missing shingles, a roofer can assess the actual condition. The VA will accept a licensed contractor's report that the issue has been resolved or does not exist. But you cannot simply ignore the appraiser's finding; you must address it formally.

Keep copies of both reports. They are useful for future maintenance planning. The inspection report, in particular, can serve as a roadmap for what to repair first after you move in. The appraisal report is less detailed but can be shared with contractors when getting bids for the required repairs.

When to Walk Away

Sometimes the combination of VA-required repairs and inspection findings makes a property too expensive or too risky. If the appraiser finds major structural defects, extensive wood destroying insect damage, or multiple safety hazards, the cost to fix them can be high. If the seller refuses to do the repairs or offer a significant credit, the buyer may decide that the property is not worth the trouble.

The VA loan program is designed to protect veterans from buying unsafe homes. If the required repairs are extensive, that's a sign that the property may have been poorly maintained. The inspection report will confirm whether there are other hidden issues. Walking away from a

deal that requires too many repairs is often the smartest financial decision. There will be other homes that meet the MPRs without major work.

Ultimately, the VA appraisal and the home inspection serve different purposes. The appraisal protects the lender and the VA loan program by ensuring the property meets basic standards. The inspection protects the buyer by revealing the property's true condition. By understanding which findings are mandatory and which are negotiable, you can navigate the process with confidence and avoid surprises at closing. scarpero.com provides plain-language guidance on VA loan eligibility and related home financing issues, helping veterans make informed choices throughout the home-buying journey.