

## APPRAISAL TASK FORCE UPDATE

Thank you to our Appraisal Task Force for hosting in-class square footage training on March 18<sup>th</sup> and onsite square footage beginner training on March 24<sup>th</sup>. Please watch your email for information about an onsite square footage advanced training class on April 21<sup>st</sup>.



### Dealing with the new EPA Lead Based Paint Rules

**If you list or sell foreclosures, please read this important article**

Some far reaching new rules dealing with Lead Based Paint (LBP) went into effect in April 2010. LBP has been an issue for any property built before 1978 on FHA/USDA loans for many years. The April 2010 rules make LBP an issue for any property built before 1978 on any type of real estate transaction. In a nutshell the days of hiring a handyman or the high school kid next door to do some painting three days before closing are gone forever.

The new rules require all LBP renovation or remediation to be done by contractors trained and certified by either the EPA or the State of North Carolina. The work has to be done in compliance with the EPA standards which require significant prep work to avoid contamination of the property with lead chips and/or dust. This process adds a significant amount of time and cost to the project.

The only exemption to these rules is on owner occupied properties when the owner does their own work. The owner is encouraged to do the work to EPA standards but no certification is required. If the owner hires anyone to do any of the work, they lose the exemption. On any property built before 1978 which is not owner occupied any work performed which disturbs LBP must be done by a certified contractor. If you represent clients who handle foreclosed properties, it is now against the law for them to hire non certified contractors to do work on those properties which disturb LBP. If you represent clients who buy foreclosures either to renovate and resale or rent, it is against the law for them to do any work personally or hire anyone to perform work which disturbs LBP unless they or their contractors are certified. The owner exemption does not apply to investment properties or rentals.

The costs associated with compliance are significant. I have heard reports that estimates to have painting done to these standards are two to three times what a typical paint job costs. The time to complete the projects is also two to three times longer than non LBP projects. There are also possible impediments to the loan process. FHA/HUD has issued guidance to lenders requiring them to obtain proof from sellers that any work which disturbed LBP was done by a certified contractor. For a non owner occupied property that proof must be a letter from the certified contractor who performed the work. If that proof is not available a very expensive lead hazard assessment survey could be required. The best way to prevent these new rules from causing you or your client's grief is to have LBP issues dealt with prior to putting the pre 1978 property on the market. For further information on these rules check out the EPA website at [www.epa.gov/lead/pubs/renovation.htm](http://www.epa.gov/lead/pubs/renovation.htm) or the State of North Carolina website at [www.epi.state.nc.us/epi/lead.html](http://www.epi.state.nc.us/epi/lead.html).