MFM Bulletin: 012-2026

Date: May 6, 2026

Subject: MSHDA Home Inspection Education Disclosure

The Michigan State Housing Development Authority (MSHDA) will now require that all MSHDA MI Home Loan and DPA borrowers receive a copy of a new Home Inspection Education Disclosure at the time of application. This disclosure is required for all loans submitted to MSHDA on or after June 1, 2026.

Attached (below) is a copy of the new Disclosure, which must be signed by all borrowers. This new requirement will bring more education and awareness on the difference between a home inspection and an appraisal.

Docutech has informed us that the disclosure will print in the initial disclosure package on or before the implementation date.

Please contact the MFM Underwriting department (underwriting@memberfirstmortgage.com) if you have any questions or concerns.

Thank you

MSHDA MI Home Loan
Home Inspection Educational Disclosure

HOMEOWNER
Loan #: 5100002905

Important Information for Homebuyers

Buying a home is one of the most important financial decisions you will make. As part of the MSHDA MI Home Loan process, we want to ensure you are fully informed about your options and responsibilities as a homebuyer.

You have the right to hire a licensed, independent home inspector of your choosing and paid by you, to inspect the property you intend to purchase.

A home inspection is **not required** by MSHDA or your lender; however, it is **strongly recommended** to help you better understand the condition of the home before completing your purchase. Understanding the difference between an **appraisal** and a **home inspection** can help you make an informed decision and avoid unexpected repair costs after closing.

Home Inspection vs. Appraisal: What's the Difference?

Topic	Home Inspection	Appraisal
Purpose	Evaluates the condition of the home and problems that may need fixing	Determines the estimated market value of the home
Who Orders It	The borrower (buyer)	The lender
Who It Protects	The borrower	The lender
Focus	Condition, safety, and functionality of major systems	Value of the property based on sales of similar homes
Typical Duration	2-4 hours (may vary by property size)	Usually, a short on-site visit
Written Report	Detailed report with photos and explanations	Summary valuation report
Who Views	The borrower	The lender, MSHDA, and the borrower

What a Home Inspection Does

- Reviews visible condition of major systems (heating and cooling, foundation, etc.)
- Identifies potential safety concerns (dangerous wiring, fire damage, etc.)
- Highlights maintenance issues (age of furnace and roof, etc.)
- Help buyers understand repair needs
- May include photos and detailed explanations

What a Home Inspection Does Not Do

- Guarantee the future condition of the home
- Inspect areas that are not visible or accessible
- Determine the value of the home
- Replace specialized inspections (radon, mold, sewer, etc., unless separately ordered)
- Does not require that the seller repair identified problems

What an Appraisal Does

- Estimates the market value of the property
- Confirms the home meets minimum property standards
- Helps the lender determine loan eligibility
- Helps the buyer compare the value of the property to other, similar properties

What an Appraisal Does Not Do

- Perform a full inspection of the home
- Identify all mechanical or structural issues
- Evaluate long-term durability of systems
- Protect the borrower from future repair costs

Important Reminder

An appraisal is **not** a substitute for a home inspection.

Even if the appraisal does not note any issues, problems with the home may still exist. Only a home inspection is designed to provide you with a more complete understanding of the home's condition before you buy. When you buy a house, you should presume you are buying it "as is," and a home inspection helps identify home repair and maintenance costs you may need to plan for.

Borrower Acknowledgment

By signing below, you acknowledge that:

- You understand that you have the right to hire a home inspector of your choice
- You understand the difference between a home inspection and an appraisal
- You understand that an appraisal does not guarantee the condition of the home
- You have been encouraged to consider obtaining a home inspection prior to closing

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- BORROWER - JOHN HOMEOWNER - DATE -

This disclosure is for educational purposes only and does not replace professional advice. MSHDA does not recommend or endorse specific home inspectors.