

State of Michigan
Department of Licensing and Regulatory Affairs
Michigan Administrative Hearing System
Michigan Tax Tribunal
Small Claims Division

Daniel Patru,
Petitioner,

MTT Docket No. 16-001828

v

Exceptions to Proposed Opinion
Proof of Service

City of Wayne,
Respondent

Exceptions

The key portion of the Proposed Opinion to which I object is the second paragraph of the Conclusions of Law on pages 5 and 6. Here it is:

Petitioner contends that under MCL 211.27(2), the subject's purchase price of \$32,000 reflects the subject's true cash value. In addition, under the statute, the assessor shall not consider normal repairs and maintenance in determining the property's true cash value until the property is sold. First, the purchase price paid in a transfer of property is not the presumptive true cash value of the property transferred. [See MCL 211.27(6).] In order for the purchase price to be accepted as the subject's true cash value, it must have sold for market value. Market value is defined as "[t]he most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue duress." [See MCL 211.27(6).] The subject property sold in a bank sale. The seller may have been under financial duress and sold the property for less than the market value. Also, Petitioner testified that the subject property was in need of repair at the time of purchase. He presented two pages of repairs that the city required to be completed until the property could be occupied. Petitioner testified that he put approximately \$10,000 in materials into the subject property and that he completed most of the repairs himself. Petitioner further testified that the repairs were completed by December 31, 2015. Under MCL 211.2(2), the relevant date of valuation for the 2016 tax year is December 31, 2015. Therefore, the subject's purchase price reflected the condition of the subject property prior to the repairs and the repairs were completed by

tax day. Petitioner claims that under MCL 211.27(2) we should not increase the subject's true cash value for normal repairs and maintenance until the subject's property sold. However, Petitioner even admitted that the subject was in substandard condition at the time of purchase and the city required that the repairs be made. Therefore, the Tribunal does not find that the repairs completed by Petitioner were normal repairs and maintenance as noted by the statute. Instead, the subject was in substandard condition at the time of sale and the purchase price reflected the subject's condition at the time. The repairs were completed and the subject had a certificate of occupancy by December 31, 2015; therefore, the subject's purchase price is not a reliable indicator of value.

Since receiving the Proposed Opinion, I have done some reading and realized that this case addresses issues which are known and for which there is guidance from the State Tax Commission and prior rulings by the Michigan Tax Tribunal and the Court of Appeals. These authorities provide some wisdom in how to resolve this case.

The facts

The subject of this case is a house, 5073 Winifred, in the City of Wayne that sold on 8/19/2015 for its then asking price of \$32,000. The house was owned by HUD and had been for sale since 4/3/2013 (the original asking price was \$29,900). During the more than two years since it was first put on the market, it had had three accepted offers that failed to close.

At the time of sale, the property had two-page list of repairs required by the City. The City had allowed the seller to sell the property, but it required the repairs before it would grant a Certificate of Compliance.

After the sale, Petitioner repaired the house and rented it. As of tax day, 12/31/2015, the house was repaired and rented.

The Proposed Opinion determined that the value of the house after it had been repaired, on tax day, to be \$50,400.

At issue in this case is whether MCL 211.27(2) applies, and if it does, what the adjusted true cash value should be.

The law

The statute at issue, MCL 211.27(2), reads:

(2) The assessor shall not consider the increase in true cash value that is a result of expenditures for normal repairs, replacement, and maintenance in determining the true cash value of property for assessment purposes until the property is sold. For the purpose of implementing this subsection, the assessor shall not increase the construction quality classification or reduce the effective age for depreciation purposes, except if the appraisal of the property was erroneous before nonconsideration of the normal repair, replacement, or maintenance, and shall not assign an economic condition factor to the property that differs from the economic condition factor assigned to similar properties as defined by appraisal procedures applied in the jurisdiction. The increase in value attributable to the items included in subdivisions (a) to (o) that is known to the assessor and excluded from true cash value shall be indicated on the assessment roll. This subsection applies only to residential property. The following repairs are considered normal maintenance if they are not part of a structural addition or completion:

- (a) Outside painting.
- (b) Repairing or replacing siding, roof, porches, steps, sidewalks, or drives.
- (c) Repainting, repairing, or replacing existing masonry.
- (d) Replacing awnings.
- (e) Adding or replacing gutters and downspouts.
- (f) Replacing storm windows or doors.
- (g) Insulating or weatherstripping.
- (h) Complete rewiring.
- (i) Replacing plumbing and light fixtures.
- (j) Replacing a furnace with a new furnace of the same type or replacing an oil or gas burner.
- (k) Repairing plaster, inside painting, or other redecorating.
- (l) New ceiling, wall, or floor surfacing.
- (m) Removing partitions to enlarge rooms.
- (n) Replacing an automatic hot water heater.
- (o) Replacing dated interior woodwork.

The Michigan State Tax Commission Bulletin No. 7 of 2014 (June 11, 2014) gives the procedure for computing the amount for non-consideration:

3. If the true cash value of non-consideration items is shown on the assessment roll in the first year after the qualifying change is made, then the true cash value of the item

shall be calculated by performing “before” and “after” appraisals and then deducting the “before” true cash value from the “after” true cash value. (page 2)

In the analysis which follows the first question addressed is whether (or which of) the repairs were normal because only normal repairs can be non-considered. Then the value of the repairs will be determined using before and after appraisals as instructed in Bulletin 7.

Which repairs were normal?

MCL 211.27(2) gives 15 categories of repairs which are considered normal if they are not part of a structural addition or completion. All of the repairs fit in a category except for the provision of smoke and carbon monoxide detectors. And these too could be considered as part of normal repair and maintenance because they are normal items, required by the city, which wear out and break and need regular replacement. None of the repairs were part of a structural addition or completion.

The Proposed Opinion includes the value of the repairs in the true cash value because “the subject was in substandard condition at the time of purchase and the city required that the repairs be made”. But MCL 211.27(2) does not confine “normal repairs” to only those repairs done on properties in standard condition or not required by the city. On the contrary, the statute explicitly lists “replacing siding, roof, porches, steps, sidewalks, or drives”, “complete rewiring”, and other expensive repairs which are normally done because of necessity. Also, the purpose of the statute, to encourage people to fix up and maintain their homes, would be destroyed if the property were interpreted to apply only to homes which did not need this incentive.

More details about the repairs, which show that they were normal, can be found in the section “Additional Information” below.

The repairs should be considered normal.

What is the value of the repairs?

Per Bulletin 7, the best way to value the repairs is not by asking how much did they cost, but by asking how much did they affect the value of the property as a whole. This is done by appraising the property as it was *before* the repairs and comparing it to its

value *after*. In many cases, it is difficult to appraise before the repairs. But in this case, the property was actually on the market on-and-off for more than two years and had received multiple offers (three offers had been accepted but failed to close.) In the end, the property sold for its asking price,

The “before” value of the subject property is consistent with that of other properties in the neighborhood. Respondent’s comparable 2 (4534 Niagara) sold for just \$20,000 in 2010 before it resold for \$49,750 in 2015. Also Respondent’s comparable 3 (4462 Mildred) sold for \$21,287 in 2012 before it resold for \$57,000 in 2015. Also Respondent’s comparable 4 (3841 Mildred) sold for \$30,000 in 2008 before it resold for \$65,000 in 2015.

The Proposed Opinion found that the subject property’s sale price was not reflective of its true market value because “The subject property sold in a bank sale. The seller may have been under financial duress and sold the property for less than the market value.” But there was no evidence that the bank-seller was under duress. Quite the opposite. The bank sat on the property for more than two years before it sold it for its asking price. A normal seller would have dropped the price before then.

The “after” value of the subject property has been determined by the Proposed Opinion to be \$50,400. Petitioner does not disagree.

The value of the normal repairs is the difference between the before and after valuations. $\$50,400 - \$32,000 = \$18,400$. This, subtracted from the “after” valuation gives the correct adjusted true cash value.

Additional Information

This section (Additional Information) is presented separately because it is based in part on evidence not specifically entered into the record (although this evidence, with the exception of the list of repairs performed, was in the possession of the Respondent.) The information is included because it may help the Tribunal to fulfill its duty to independently give an accurate evaluation without requiring another hearing.

The hearing referee asked Petitioner what the value of the repairs were. Petitioner had not done a detailed calculation and answered off the cuff, “Less than \$10,000.” Since the hearing, Petitioner has entered the repairs in a spreadsheet. Attached is a list of

repairs completed by Petitioner and their estimated value (labor and materials). Most of the repairs were required by the City. Five repairs were not required.

The five repairs that were done but not required by the city are:

1. Installing a door to close off the upstairs from the main floor. Normally houses of this type have a door that closes off the stairway that goes upstairs. This house didn't have this door. Some previous owner probably removed it. Petitioner installed a new door.
2. Replacing a screen door closer. Screen doors have a pneumatic closer that wears out over time. This had worn out and was replaced.
3. Unclogging drains. The main drain and also the tub drain was not draining properly. A plumber was called to unclog it with a power snake.
4. Painting the several rooms. Several rooms needed painting.
5. Replacing the water heater. In November, about three months after the house was purchased, the water heater gave out and had to be replaced.

These are normal repairs that can happen in any house and are part of home-ownership.

The City of Wayne requires that all residential properties be inspected and certified prior to sale. In a pamphlet entitled, City of Wayne Certification Guideline, <http://www.ci.wayne.mi.us/documents/citycertshandout.pdf>, the city gives a "list of property repairs and requirements **most commonly required** by the City of Wayne." (emphasis provided) The list runs over two pages. All of the repairs required by the city are on this list except the requirement to provide screens for all the windows. Replacing broken window screens also seems like a normal repair.

Proof of Service

I certify that on 12/21/2016 I served a copy of these Exceptions upon Defendant by first class mail to:

City of Wayne, Assessments, Attn. Tony Hobyak
3355 South Wayne Road
Wayne, MI 48184

Respectfully submitted,
Daniel Patru

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P 74387

Item	Quantity	Unit Value	Total	Statutory Category
Comments Section of Inspection Report				
Roof			3500	b
Furnace Check			65	j
Vacuum Breakers			10	i
Smoke Detectors	5	10	50	-
Carbon Monoxide Detectors	2	25	50	-
Repair service walk			500	b
Repair chimney masonry			500	c
Paint shed			600	a
Repair window in bathroom			200	f
Install screens	11	30	330	f
Replace trim 2nd floor			50	o
Extend hot water heater relief pipe			10	n
Turn on all utilities				
Replace broken treads on front steps			300	b
Electrical section of report - prices not listed are covered in this price			1500	h
Replace front GFCI				h
Rediaper Service Entrance gooseneck				h
Repair, replace, or remove AC				h
Repair 2 backyard building lights			50	i
Provide GFCI in bathroom				h
Remove hanging wire and seal opening from driveway-side bedroom				h
Provide switched lighting in upstairs bedroom				h
Provide switched lighting in upstairs storage room				h
Bond around the water meter				h
Provide 20A GFCI outlet within 6 feet of washer and dryer.				h
Provide 230V to dryer outlet or remove				h
In basement, remove all lampholders with builtin outlets				h
Provide a junction box for the connection of the flex and furnace supply				h
In the main electrical panel, protect all NM cable or reroute to exit the top of the panel.				h
At junction box next to the main electrical panel, protect all NM cables				h
Additional repairs not required by the City				
Provide door at upstairs stairway			400	f
Replace screen door closure			25	f
Unclog drains			300	i
Interior paint			1200	k
Water heater			600	n
Total			10240	



RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

R. KEVIN CLINTON
STATE TREASURER

Bulletin No. 7 of 2014
June 11, 2014
Mathieu Gast Act

TO: Assessing Officers and County Equalization Directors

FROM: Michigan State Tax Commission

SUBJECT: Mathieu Gast Act, P.A. 293 of 1976 as amended, MCL 211.27(2)
Non-Consideration of the True Cash Value of Normal Repairs,
Replacements and Maintenance for Residential Property

Bulletin 17 of 1995 is rescinded.

MCL 211.27(2): The assessor shall not consider the increase in true cash value that is a result of expenditures for normal repairs, replacement, and maintenance in determining the true cash value of property for assessment purposes until the property is sold. For the purpose of implementing this subsection, the assessor shall not increase the construction quality classification or reduce the effective age for depreciation purposes, except if the appraisal of the property was erroneous before non-consideration of the normal repair, replacement, or maintenance, and shall not assign an economic condition factor to the property that differs from the economic condition factor assigned to similar properties as defined by appraisal procedures applied in the jurisdiction. The increase in value attributable to the items included in subdivisions (a) to (o) that is known to the assessor and excluded from true cash value shall be indicated on the assessment roll. This subsection applies only to residential property. The following repairs are considered normal maintenance if they are not part of a structural addition or completion:

- (a) Outside painting.
- (b) Repairing or replacing siding, roof, porches, steps, sidewalks, or drives.
- (c) Repainting, repairing, or replacing existing masonry.
- (d) Replacing awnings.
- (e) Adding or replacing gutters and downspouts.
- (f) Replacing storm windows or doors.
- (g) Insulating or weather stripping.
- (h) Complete rewiring.
- (i) Replacing plumbing and light fixtures.
- (j) Replacing a furnace with a new furnace of the same type or replacing an oil or gas burner.
- (k) Repairing plaster, inside painting, or other redecorating.
- (l) New ceiling, wall, or floor surfacing.
- (m) Removing partitions to enlarge rooms.
- (n) Replacing an automatic hot water heater.
- (o) Replacing dated interior woodwork.

General Information:

1. MCL 211.27(2) applies to residential property only. Residential property is property used for residential purposes. Residential property may include property which is not classified residential as provided by MCL 211.34c. For example, a home located on a property classified agricultural would still be residential property for the purpose of the non-consideration of the true cash value of normal repairs, replacements, and maintenance. Residential property includes attached and detached garages but does not include farm outbuildings such as barns, storage buildings, etc. Residential property is not limited to owner-occupied properties for example rental properties having less than four rental units are considered to be residential properties and would qualify for this exemption.
2. Assessors are required to give non-consideration treatment to known qualifying changes to real property, regardless of whether the taxpayer has filed a form L-4293. The exception is that a taxpayer is required to complete the form if the true cash value has been increased in a year other than the immediately preceding year and/or a capped value addition has previously been entered relating to the non-consideration item in question.
3. If the true cash value of non-consideration items is shown on the assessment roll in the first year after the qualifying change is made, then the true cash value of the item shall be calculated by performing “before” and “after” appraisals and then deducting the “before” true cash value from the “after” true cash value.
4. If the true cash value of non-consideration items is shown on the assessment roll in years subsequent to the first year after the qualifying change, then the true cash value of the item shall be calculated each year by performing “before” and “after” appraisals and then deducting the “before” true cash value from the “after” true cash value to determine the true cash value contribution of the item for that assessment year. The purpose of this approach is to reflect the current contribution, rather than the initial contribution, to true cash value which is provided by the item.
5. If non-consideration of a qualifying change is commemorated by file documentation that reflects the initial true cash value contribution of the non-consideration item, rather than by indicating the initial contribution on the assessment roll for the first year after the qualifying change occurs, the assessment roll shall include a statement indicating that Mathieu-Gast non-consideration has been provided.
6. When a property having one or more Mathieu-Gast non-consideration items is sold, the property may not be excluded from ratio or Economic Condition Factor studies solely because it has Mathieu-Gast non-consideration amounts. The true cash value of the property at the time of the sale may not be adjusted for study purposes to reflect inclusion of previously excluded Mathieu-Gast items, unless an initial calculation of true cash value in the assessment year following the year the qualifying change is made and unless the amount of the true cash value contribution made by the non-consideration item in the year of the sale is fully documented and reflects the current contribution made to true cash, after giving due consideration to depreciation of the item.

7. Assessors are instructed that the word “normal” must be given its customary and usual meaning, so that it does not result in non-consideration of repairs, replacements or maintenance that are needed to make an uninhabitable structure habitable or to cure deferred maintenance which has previously resulted in the recognition of a capped value loss. “Deferred maintenance” is defined as repair, replacement or maintenance which was not accomplished at the end of the economic life of the property feature being repaired or replaced, with the result that a capped value loss was entered after a taxpayer-initiated complaint or protest. Examples of deferred maintenance might be a roof which leaks arising from the owner’s failure to replace the roof in a timely manner, or an inoperable furnace or hot water heater. This is the case only where the taxpayer has requested a reduction in value related to the unserviceable condition of the item and where the assessor has entered a capped value loss in recognition of that unserviceable status.

Calculating New and Loss for Assessment and Equalization Purposes

If the repairs, replacement and/or maintenance were performed in the year immediately preceding the current assessment year, they would not be included in the prior year's assessed value (because they haven't had a chance to be included yet) and a reduction from the prior year will not be made. Likewise, there would not be a loss for equalization purposes.

If the repairs, replacement and/or maintenance were performed over many years in the past and a first time request for non-consideration is now being made for the current assessment year, an assessment reduction from the prior year will be made assuming that the value of the exempt items was included in the prior year's assessed value. In this situation there would be a loss for equalization purposes based on the True Cash Value of the exempt items included in the prior year's assessed value.

The exemption for normal repairs, replacements and maintenance ends in the year after the owner who made the repairs, replacements and maintenance sells the property. In the year following a sale, the assessed value shall be based on the true cash value of the entire property. The amount of assessment increase attributable to the value of formerly exempt property returning to the assessment roll is new for equalization purposes.

Calculating Additions and Losses for Capped Value, Taxable Value, "Headlee" Millage Reduction and Truth in Taxation Purposes.

In the year in which the true cash value of normal repairs, replacement, and maintenance is first exempt from taxation, a loss shall be deducted in the capped value formula only if the value of the exempt normal repairs, replacement and maintenance was included in the prior year's taxable value.

If the repairs, replacement and/or maintenance were performed in the immediately preceding year, they would not be part of the prior year's taxable value (because they haven't had a chance to be included yet) and a loss in the capped value formula will not be made. Likewise, since the value of normal repairs, replacement and maintenance is exempt, these repairs, etc., would not be included as an addition in the capped value formula for the current year.

If the repairs, replacement and/or maintenance were performed over many years in the past and a first time request for non-consideration is now being made, a loss shall be deducted in the current year's capped value formula assuming that the value of the exempt items was included in the prior year's taxable value. The amount of the loss for the capped value formula is the same as the loss used for calculating the "Headlee" Millage Reduction Fraction and the Truth in Taxation Base Tax Rate Fraction.

CITY OF WAYNE

City Certification Guideline

On July 16, 1991, the City Council adopted an ordinance, which requires all residential dwellings to be inspected and certified prior to sale. Also, on December 18, 1996, the City Council adopted an ordinance which requires that all rental dwellings and rental units be inspected and certified every three years. The standard for such inspection shall be the minimum necessary to prevent the spread of residential blight, to safeguard life, health, property and public welfare as set forth in the current Michigan Property Maintenance Code for existing structures and the current National Electrical Code.

Inspections are scheduled Monday through Friday from 9:00 a.m. to 12:00 noon and from 12:00 noon to 4:00 p.m. It is not possible for office staff to set specific times for inspections. However, a morning or afternoon inspection may be requested. There must be someone 18 years of age or older at the location of the inspection for all inspections requested. Fees for residential inspections are as follows:

Single family	\$250.00
Duplex	\$300.00
Apartments/Motels (1 st two units)	\$300.00
Each additional unit	\$ 65.00 each

ALL UTILITIES MUST BE ON, INCLUDING WATER, GAS AND ELECTRICAL FOR A COMPLETE INSPECTION TO TAKE PLACE.

Inspections will be done by the following inspectors and questions regarding the Residential Dwelling Certification Program may be directed to any of them between the hours of 8:00 a.m. and 4:30 p.m. by calling our office at (734) 728-9100.

Building Official
Ed Rowe

Building Inspectors
Ken Wasilewski
Larry Wegrzyn
Katie Haling

Mechanical Inspector
Robert Lakin

Electrical Inspectors
Ed Rowe
Bill Balmes
Nick Pavicic

Plumbing Inspector
James Monroe

Certificates of Compliance are good for a period of three (3) years from the original issue date. A temporary Certificate of Compliance may be issued for a fee of \$60.00

There is no charge for the first re-inspection; additional re-inspections or “no-shows” will be charged a re-inspection fee of \$50.00.

The Building Department office hours are 8:00 a.m. – 4:30 p.m., Monday through Friday. Re-inspections require at least a twenty-four (24) hour notice and must be scheduled by calling the Building Department at (734) 728-9100.

IF AN INSPECTION IS PERFORMED AND THE HOMEOWNER DECIDES NOT TO PROCEED WITH THE SALE OR RENTAL OF THE PROPERTY, ALL CORRECTIONS MUST STILL BE COMPLETED.

Each inspector will leave a copy of the inspection report at the location inspected or the report will be mailed to the applicant within five (5) days. Questions concerning a specific inspection must be directed to the individual inspector involved. In some instances, the code requires a permit for repairs or corrections. This will be noted on the inspection report.

IN ORDER TO OBTAIN A CERTIFICATE OF COMPLIANCE:

Complete all safety and maintenance items listed in the inspection report, have final inspections and provide a furnace certification/cleaning by a licensed Mechanical Contractor. Provide a notarized roof acceptance letter from buyer.

IN ORDER TO OBTAIN A INTERIM CERTIFICATE OF COMPLIANCE:

Complete all safety items and have inspections of same, provide furnace certification by a licensed Mechanical Contractor and provide a signed agreement form (provided by the City) for compliance on the maintenance items. A copy of the driver license of the person(s) assuming responsibility for the completion of the repairs must accompany the letter, along with a contact phone number. This certificate is temporary and there is an obligation on the part of the parties to complete the maintenance items noted when the Certificate of Compliance expires and a re-inspection will be necessary. The non-refundable fee for the issuance of a temporary Certificate of Compliance is \$60.00. Provide a roof acceptance letter from buyer.

PLEASE NOTE: THE ISSUANCE OF A CERTIFICATE HEREUNDER DOES NOT ASSURE, GUARANTEE, WARRANT OR ASSERT THAT THE SUBJECT PREMISES COMPLY WITH ALL CODES AND ORDINANCES OF THE CITY OF WAYNE, NOR THAT THE DWELLING IS SAFE FOR HABITATION. THE INFORMATION CONTAINED HEREIN IS BASED UPON A LIMITED INSPECTION. THIS DOCUMENT DOES NOT CONSTITUTE A WARRANTY OF ANY KIND, AND COVERS NO HIDDEN DEFECTS, UNLESS SO STATED. THE PURCHASER IS FURTHER ENCOURAGED TO HAVE THEIR OWN CONTRACTOR INSPECT THE PREMISES IF THERE IS ANY DOUBT IN THEIR MIND AS TO THE CONDITION OF THE PREMISES.

The following is a list of property repairs and requirements most commonly required by the City of Wayne:

EXTERIOR: The following items need to be inspected to assure the dwelling is sold in a safe and non-blighted condition:

1. Property address must be clearly visible from the street using 4" high numbers.
2. Flat concrete must be repaired to prevent all tripping hazards. Driveways shall be constructed of a hard surface and extend from the street through the approach for a distance of not less than 40 ft from the public right-of-way.
3. Eliminate cracked, blistered, and peeling paint from exterior surfaces and properly seal and paint. (Including windows.)
4. Repair or replace damaged loose or missing siding and trim.
5. Replace all rotted wood and properly seal and paint.
6. Replace cracked and broken windowpanes.

7. Re-putty exterior windows as needed.
8. Caulk all through-wall penetrations.
9. Re-mortar all masonry, including chimneys, as needed.
10. Install vacuum breakers on exterior hose bibs (water outlets) to prevent contaminated water from getting into drinking water. Vacuum breakers are available at most hardware stores.
11. Openable windows: every window, other than a fixed window, shall be easily openable and capable of being held in position by window hardware.
12. Handrails and guardrails: Every flight of stairs which is more than three (3) risers high shall have a handrail on at least one side of the stair, landing or balcony which is more than thirty (30) inches above the floor or grade below shall have handrails. Handrails shall not be less than thirty four (34) inches nor more than thirty eight (38) inches high, measured vertically above the flat surface. Guardrails shall not be less than thirty six (36) inches above the floor of the landing or balcony. Spacing on poles shall not exceed four (4) inches.
13. Letter accepting roof in "as is" condition signed by purchaser.

INTERIOR: The following conditions are inspected to safeguard the health and safety of the occupants of the dwelling:

1. Smoke detectors required each bedroom, immediately outside of sleeping areas, and at all levels.
2. Doors and windows shall fit and latch properly and be easily openable.
3. Walls and ceilings shall be free of peeling paint, holes and large cracks.
4. Handrails and guardrails – same as exterior requirements.
5. Furnace flue and hot water vents shall be properly installed and sealed.
6. Water heater shall be equipped with pressure relief valve and drip tube to within five (5) inches of floor.
7. Bathroom and toilet rooms shall have openable window or exhaust fan.
8. Fire doors are required between house and attached garage.
9. All plumbing shall be in good repair and proper working condition.
10. Install vacuum breaker on laundry tub faucet (see #10 in exterior)
11. Provide furnace certification by licensed heating contractor (no more than six months old).
12. Carbon monoxide detector is required in the hallway outside the sleeping area.

ELECTRICAL

The following conditions are inspected to safeguard against fire or other electrical problems:

1. Upgrade electrical service to minimum of 100 amp.
Exception: an existing properly installed 60-amp service is acceptable if adequate for the load being served.

Evidence of inadequacy:

- A. Use of extension cord in lieu of permanent wiring.
 - B. Unapproved extensions of the wiring.
 - C. Lack of lighting fixtures and receptacles in kitchens, bathrooms, furnace room, stairways and basement.
 - D. Added electrical panels to accommodate additional loads.
2. If fuses are used: provide correct ampere rated type "S" (safety) fuses and adapters (these fuses prevent over sizing or under sizing – cannot be interchanged).
 3. Provide an interior wall switch conveniently located and readily accessible to control light or receptacle at entrance doorways (front, rear or side).
 4. Provide a conveniently located wall switch controlled light or receptacle in all habitable rooms.
 5. All closet light fixtures must have glass globes covering light bulbs (except for fluorescent fixtures).
 6. Provide additional duplex receptacles in all habitable rooms as needed (minimum of two are required in bedrooms and dining rooms – one on each wall in living room – four required).
 7. Provide multiple switch control at head and foot of stairways with lighting so placed to adequately illuminate the stairway.
 8. Provide a 20-amp laundry circuit and wall mounted grounded GFI duplex receptacle.
 9. Replace all defective or painted over receptacles, wall switches. Replace all missing or broken cover plates.
 10. All light fixtures must be in good repair. Replace missing globes.
 11. Discontinue use of extension cords in lieu of permanent wiring.
 12. Remove or protect surface wiring located below joists or outside of ceiling and walls.
 13. Provide a junction box for open splice wiring.
 14. Replace or remove all unapproved wiring.
 15. Provide a separate kitchen appliance circuit with a minimum of three grounded duplex receptacles. Two of these receptacles must be accessible. New appliance circuit shall (must) be 20-amp rated – G.F.C.I. receptacles are required within 6 ft. of sink for replacement or new installed receptacles and wiring.
 16. Provide a separate minimum of 15-amp circuit for furnace.
 17. Replace worn service entrance cable located above and below DTE energy meter cabinet – two 8 ft. ground rods are required if service entrance cable and/or electrical panel is replaced. Ground wire required from electrical panel to within 5 ft. of water meter. Provide intersystem bonding terminal block. Jumper required around water meter.
 18. Ground kitchen and laundry receptacles – G.F.C.I. receptacles are required if kitchen receptacles require ground wires and receptacles are being replaced. Kitchen must have G.F.C.I. receptacles on each side of the sink, within 6 ft. of sink.
 19. Provide G.F.C.I. receptacles in all bathrooms.
 20. A ground fault circuit interrupter receptacle can be installed in lieu of a ground wire in bathrooms, basements, garages and outdoor receptacles (not for swimming

pools).

21. Secure loose conduit, electrical boxes, etc.
22. Items 1,3,4,6,7,8,15,16 & 17 require an electrical permit by a licensed electrical contractor.