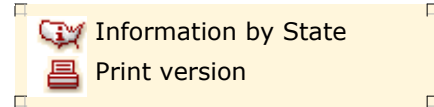




Chapter 1 Appraisal and Property Requirements SAHOC Tip Zone Information: Page 1-23sa

Chapter 1 Appraisal and Property Requirements Page 1-23sa



1. Termite Infestation Probability Zones (TIP Zones) - After consulting Infestation Potential Maps issued by the Council of American Building Officials, One and Two Family Dwelling Code and Permanent Foundations Guide for Manufactured Housing Appendix H-10, published by HUD, and HUD's general policy on termite control, the Santa Ana HOC has identified three Termite Infestation Probability Zones.

- a. Termite Infestation Probability Zone #1 (TIP Zone 1) consists of the States of California and Hawaii.
- b. Termite Infestation Probability Zone #2 (TIP Zone 2) consists of the States of Arizona and Nevada
- c. Termite Infestation Probability Zone #3 (TIP Zone 3) consists of the States of Alaska, Idaho, Oregon and Washington.

2. New Construction - (Mortgagee Letter 99-03) New Construction = Proposed construction, under construction and existing less than 1 year old.

- a. TIP Zones 1 and 2 require termite soil treatment .
- b. TIP Zone 3 will be required at the discretion of the appraiser and underwriter. If there is a possibility of termites at or near the general area of the site then treatment is required.
- c. When treatment is required a builder is to provide a five (5) year guarantee on Form HUD 92052.
 - Form revised NPCA-99a, Subterranean Termite Treatment Builder's -Certification and Guarantee is to be used.
 - NPCA-99b is used with form NPCA-99a only if the property is treated with a soil termiticide.
 - The licensed pest control company is responsible for completing form NPCA-99b, as appropriate, and providing it to the builder.
 - The builder is responsible for attaching the forms together and distributing the completed forms to the lender.
 - Lenders must provide one copy to the buyer at closing and include a copy in the HUD endorsement binder.

d. Copies of the revised NPCA-99a and the current NPCA-99b can be obtained from the National Pest Control Association, 8100 Oak Street, Dunn Loring, Virginia 22027 and other form suppliers. National Pest Control Association <http://www.pestworld.org>. This is not a HUD form and therefore not available from HUD or the U.S. Printing Office.

3. Existing (over 1 year old) Single Family and PUD's

a. A clear pest inspection is required for all homes

- over 1* year of age in TIP Zone 1
- over 2* years of age in TIP Zone 2
- TIP Zone 3 will be required at the discretion of the appraiser and underwriter. (See Appraiser's Inspection section noted below.)

b. If the Appraiser notes past or potential problems the Underwriter may not waive the call for a clear report. (*New homes- see New Construction above.)

c. While HUD does not require a cleared termite report on an FHA streamline refinance, the Underwriter may impose the condition based upon his/her discretion. (See the section titled Appraising Refinances in this manual.)

d. Purchases and other refinances must have a COMPLETE report that is not over 90 days of age at time of closing. (Complete = all structures within the legal boundaries of the property must be inspected including garages. Exceptions are minor detached structures such as a small shed.

e. Form NPCA-1, Wood Destroying Insect Infestation Inspection Report, will be valid for 90 days from the date of the inspection and is required to be completed and included on all existing single family case binders where termite inspections are required. (Mortgage Letter 95-33)

4. Condominiums - The first floor units of a condo are subject to the same inspection requirements as other single family homes. The inspection is to include ground floor attached and/or detached garage, shed, and other structure that are a part of the subject.

5. Clearing Sectioned Pest Reports

a. Section I: The Santa Ana Homeownership Center requires Section I recommendations to be satisfied prior to insuring. All infestation must be cleared and the damage corrected.

b. Section II: Action on Section II items should be at the underwriter's discretion. When reviewing these items, keep in mind that HUD's general criteria must be followed and enforced, and that all items must be considered to determine their impact on value. Items such as peeling paint, health and safety, and those leading to structural unsoundness (earth to wood contact, dry rot, excessive moisture, etc.), are general criteria items and should not be waived.

If a condition is waived, the underwriter is to address the item and document the effect of that action. In many cases, this will require contact with the appraiser to determine the impact on the value assigned on the appraisal. The buyer is to be made aware that these conditions are not being cleared.

U.S. Department of Housing and Urban Development

451 7th Street, S.W., Washington, DC 20410

Telephone: (202) 708-1112 [Find the address of a HUD office near you](#)