

### **Pest Inspection Fees and Repair Costs**

1. **Purpose.** This Circular addresses the Department of Veterans Affairs policies regarding wood destroying pest inspection fees and repair costs.

2. **Background.** Historically, VA has authorized, as a local variance, that Veterans may be charged for a wood destroying pest inspection report in a limited number of states and territories.<sup>1</sup> Localities susceptible to termites and other wood destroying pests, however, are on the rise. Accordingly, VA requires, as a Minimum Property Requirement, a wood destroying pest inspection report for certain properties located in an area on the Termite Infestation Probability Map<sup>2</sup> where the probability of termite infestation is “very heavy” or “moderate to heavy.”<sup>3</sup> If applicable, the VA Notice of Value (NOV) will be conditioned for this requirement and MPR repairs identified on a wood destroying pest inspection report must be completed prior to guaranty.<sup>4</sup>

3. **Action.** Effective immediately, VA is authorizing in advance, as a local variance, that Veterans may be charged wood destroying pest inspection fees, where required by the NOV. Veterans may also pay for any repairs required to ensure compliance with MPRs. Veterans are encouraged to negotiate the cost of the wood destroying pest inspection and repairs with the seller.

a. **Documentation for Audit Purposes.** An itemized invoice identifying the Veteran and the property is required to verify the cost on the Closing Disclosure Statement (CD). Lenders should include the invoice(s) to support the cost of the inspection and any repairs in the loan file if the loan is selected for Full File Loan Review (FFLR).

4. **Paperwork Reduction Act.** The information collection requirements contained in this document have been approved by the Office of Management and Budget (OMB) under the Paperwork Reduction Act of 1995 (44 U.S.C. § 3501-3520) and assigned OMB control number 2900-0515. In accordance with the Paperwork Reduction Act, VA may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection displays a currently valid OMB control number

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<sup>1</sup> 38 C.F.R. § 36.4313(d)(1)(ix).

<sup>2</sup> <https://basc.pnnl.gov/images/termite-infestation-probability-map-adapted-2021-international-residential-code-irc-figure>.

<sup>3</sup> VA Lenders Handbook, Chapter 13, Topic 8.c.

<sup>4</sup> 38 U.S.C. § 3704(a), 38 C.F.R. § 36.4351.

5. Rescission. This Circular is valid until rescinded.

By Direction of the Under Secretary for Benefits

John E. Bell, III  
Acting Executive Director  
Loan Guaranty Service

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