



MEMORANDUM

VIA E-MAIL

TO: All WWHDF Lenders and Partners

FROM: Jon M. Rogers  
Senior Division Manager-Single Family Lending

DATE: April 12, 2024

SUBJECT: New Construction: Survey, Pest Inspection and Personal Property Policies

In the last approximately 18 months the West Virginia Housing Development Fund has seen our level of activity in new construction financing pick up markedly and we are grateful to those lenders who are utilizing our programs to finance the purchase of these new homes for your clients. Seeing new, affordable housing built in the state tells us that in those areas where new housing is being built good things are happening. To that end, we find it necessary to revisit our policy on financing newly built housing in our programs particularly regarding surveys, pest inspections, and personal property.

**Surveys** – Our procedural guide has for many years stated the following:

*All new construction loans require a plat or survey dated or re-dated within 90 days of the closing of the program loan, signed, certified, and sealed by a licensed surveyor or engineer, must be furnished on all loans, including townhouses.*

*The survey must show the following:*

- o The exact location and dimensions of the property including the improvement's location, including well and septic, if applicable.*
- o The exact location of all lot and street lines. All means of access to the property must be shown (ingress/egress).*
- o All recorded easements affecting the property. Building set back or restriction lines. Lot, block, section and subdivision names and reference to recordation. Scale. Driveways, well and septic field location. Utility installations. Identification of adjoining property by name or lot number.*
- o Lot dimensions*
- o Flood Map Information*

While we have recently allowed some deviations from this policy, particularly in the form of accepting a title policy endorsement or an "Eagle Policy" from First American Title Insurance

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Company that eliminates the need for a survey, we have determined that the risk associated with not having a survey on file has grown to be unacceptable. As such, we are henceforth fully enforcing our requirement as stated above – without exception, that all newly built homes which receive our financing must include with them, at minimum, a sealed survey which includes the final location of the improvements. *Customarily, the Fund views a reasonable survey cost as an allowable pass-thru Borrower expense for your disclosure and closing purposes.*

*The above requirement will be enforced for all lenders, in all parts of the state, and in all our Single Family Lending programs, and is effective for new loans reserved April 15, 2024, and thereafter. Loans in process and/or recently closed can be delivered without a survey if they contain a title insurance policy or endorsement which covers the absence of a survey but only if they were locked in prior to April 15, 2024.*

**Pest Inspections** – Currently, regarding new construction, our procedural guide states the following:

*Newly constructed property will always require a soil treatment on the appropriate form as required by the insurer/guarantor valid for at least one (1) year from the date of treatment. Evidence of a termite shield is acceptable when a soil treatment cannot be provided.*

*Effective immediately, the Fund will no longer require evidence of a pest inspection, soil treatment, or termite shield, for new construction. Instead, the Fund's requirements are those of the applicable codes and ordinances per subject property location, and those of the mortgage insurer/guarantor. Lenders must ensure appropriate documentation, as required, is included in loan delivery to the Fund. Our policy on pest inspections for existing homes has not changed and can be found in the guide.*

**Personal Property and Newly Constructed Houses** – Lenders are reminded of our policy with respect to personal property currently stated in the procedural guide as follows:

*If the property is a newly constructed home with appliances, or appraisal indicates a newly renovated kitchen with appliances, then the actual invoice(s) must be used for the value.*

Please refer further to the Guide on Page 22 regarding Acquisition Cost for more information.

Anyone needing further explanation of the policies, please contact me or one of the department's other managers. We will distribute this memo to all our contacts, but we will also rely on those of you who are directly receiving it to share within your organizations to everyone who needs to know so that there are no misunderstandings post-closing which could result in a loan not being eligible for delivery to us. Thank you.