

**Recommended
Protocols for
Meth
Contaminated
Property**

What action should a lender take when a property is known to have methamphetamine contamination?

Properties that have been identified as having been contaminated by the presence of methamphetamine (meth) either by its manufacture or by consumption, can pose serious health hazards to dwelling occupants. Depending upon the level of contamination, the cost of remediation can vary widely. A number of states have enacted regulations, which address remediation standards for meth contamination. In August 2009, the Environmental Protection Agency (EPA) issued “Voluntary Guidelines for Methamphetamine Laboratory Cleanup.”

In order for health and safety concerns to be adequately addressed, the following protocols should be followed and documentation retained in the case-binder prior to closing an FHA-insured loan:

- Report by certified industrial hygienist that includes
 - Initial site survey
 - Pre-remediation base-line testing
 - Remediation protocols that cite and conform to local guidelines and/or regulations (In the absence of local guidelines EPA guidance must be followed)
 - Post-remediation testing
 - Certification as of a final testing date of contamination levels below recommended levels (BRL) and that state the property (site and structures) is safe for habitation by humans and pets
 - Qualifications of hygienist
- Affidavit signed by borrowers that state they attest to:
 - Being aware of the contamination and adverse impact
 - Acceptance of the remediation efforts, testing and reports
- Property must meet all other MPR/MPS eligibility requirements

Lenders must ensure that appraisers are provided with notification that the property has been identified as a meth house. Appraisers must:

- make the appraisal subject to a certification that the property (site and dwelling) is safe for habitation if inspection occurs during the remediation phase, including completion of all related repairs
- address any long term stigma caused by the property’s contamination by meth and the impact on value and/or marketability

Note: These measures to ensure health and safety also apply to HUD/REO properties being financed using new FHA-insured mortgages.
