



Department of Pesticide Regulation

Structural Pest Control Board
2005 Evergreen Street, Suite 1500
Sacramento, California 95815-3831



Edmund G. Brown
Governor

December 9, 2011

HomeSteps – Freddie Mac Homes
Attn: Customer Service
5000 Plano Parkway
Carrollton, TX 75010

Dear Sir or Madam:

The enclosed notice was distributed to members of the real estate community in California in May 2011. I would like to draw attention to certain statements made in this notice by your organization:

“Effective immediately, HomeSteps will not permit termite vendors to complete repairs to correct damages caused by termite infestations. If needed, termite vendors can only be used to complete termite inspections, fumigations and Section 1 items listed on the termite inspection report.”

“If the report indicates that there is an active termite infestation and repairs are needed to correct damages, contact an approved HomeSteps general contractor or preservation and maintenance vendor depending on the scope of work to be completed, to provide bids to repair the damages.”

“If a property with termite infestations is located in an area where there are no approved HomeSteps general contractors or preservation and maintenance vendors, it is the listing broker’s responsibility to obtain bids from an appropriate contractor.”

“Once the required repairs are completed, the termite vendor should re-inspect the property to confirm that the infestation has been removed and repairs were completed to the required standards.”

As the Interim Executive Officer of the Structural Pest Control Board, I have grave concerns with the content of this communication. The SPCB administers a comprehensive regulatory program under California law, which includes vigorous enforcement of that law. For instance, under California Business and Professions Code Section 8560, licenses are issued by the Structural Pest Control Board in Branch 3 (Termite) for the practice relating to the control of wood-destroying pests or organisms by the use of insecticides, or structural repairs and corrections, excluding fumigation with poisonous or lethal gases. Licensees must demonstrate competence and knowledge of the pest control laws and regulations, pass a licensing test given by the Board, and maintain continuing education to continue working in the industry. Board investigators and the County Agricultural Commissioners monitor, advise, and cite licensees where necessary.

The practices set forth in your notice are a direct contradiction to the Board's principle mission of consumer protection. California Business and Professions Code Section 8520.1 states:

Protection of the public shall be the highest priority for the Structural Pest Control Board in exercising its licensing, regulatory, and disciplinary functions. Whenever the protection of the public is inconsistent with other interests sought to be promoted, the protection of the public shall be paramount.

The procedures being recommended by HomeSteps and Freddie Mac Homes conflict with the Structural Pest Control Act and industry practices for the following reasons:

1. Board licensees are arbitrarily being removed from one of the most critical functions to repair a consumer's property...the actual repair itself as identified by a pest control industry expert.
2. Other contractors that have not been selected by a pest control industry expert are being asked to perform the repair function. These contractors are not licensed by the Board and may be outside the authority of the Board's jurisdiction and ability to regulate.
3. The burden of selecting an appropriate contractor for pest control repair work is being placed on the shoulders of the real estate industry thus if a problem occurs with the work resulting in a complaint to the Structural Pest Control Board's Enforcement Unit, the real estate industry could potentially be subjected to answering questions on why a contractor that was not selected by a pest control industry expert was used to complete repairs related to pest control work. Under the comprehensive Act, licensees remain responsible for the repairs, and must continue with the repairs until pest removal and remediation, and structural repairs, are complete. Consumers can utilize the Board's complaint procedures and thus be protected from inappropriate or incomplete remediations.
4. Lastly, in the enclosed communication, there appears to be an expectation that the Structural Pest Control Board's licensee will then re-inspect and certify pest control repair work that his or her company did not perform nor had any hand in selecting the company that performed the work. No reputable pest control company will certify completion of someone else's work, especially if not licensed by the Board, and incur potential liability. The consumer is unprotected in these instances.

At the last meeting of the Board held on December 6, 2011 in Arcadia, California, the Board moved to explore the communication distributed by your organization because the content of the communication is contrary to the intent behind the Structural Pest Control Act in California regarding consumer protection.

Therefore, I would like to extend an invitation to HomeSteps and Freddie Mac Homes to appear in front of the Board at the April 2012 meeting held in Sacramento, California to discuss the

HomeSteps / Freddie Mac

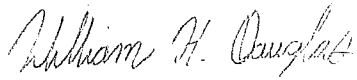
December 9, 2011

Page 3

aforementioned communication distributed to the real estate industry regarding the practice of structural pest control in the State of California.

If you have any questions, please contact me at (916) 561-8700 or by email at william.douglas@dca.ca.gov.

Respectfully,



William H. Douglas
Interim Executive Officer / Registrar
Structural Pest Control Board

cc: Board of Directors, Freddie Mac
cc: Governor Edmund G. Brown, Jr.
cc: Senator Darrell Steinberg
cc: Assembly Member John Perez
cc: Senator Barbara Boxer
cc: Senator Dianne Feinstein
cc: Representative Nancy Pelosi

HomeSteps Connection



May 26, 2011

As a reminder, please do not Unsubscribe to this email to avoid an interruption in receiving business assignments from HomeSteps.

Please make sure that you have added the email: HomeSteps_Marketing_Communications@FreddieMac.com to your address book to insure delivery of our business communications.

Attention HomeSteps Listing Brokers Termite Inspections and Repairs

Effective immediately, HomeSteps will not permit termite vendors to complete repairs to correct damages caused by termite infestations. If needed, termite vendors can only be used to complete termite inspections, fumigations and Section 4 items listed on the termite inspection report.

Please Note:

- HomeSteps requires termite inspections to be completed prior to the start of any repair work. When requested, it is the listing broker's responsibility to have the required termite inspection completed by a termite vendor.
- Once the inspection is completed, the termite vendor should provide a report documenting active infestation and/or repair damages caused by the termite infestation.
- If the termite inspection report indicates that there is an active termite infestation and fumigation is needed, the termite vendor can complete the required fumigation once the approval from the sales specialist has been obtained.
- If the report indicates that there is an active termite infestation and repairs are needed to correct damages, contact an approved HomeSteps general contractor or preservation and maintenance vendor, depending on the scope of work to be completed, to provide bids to repair the damages.
- If a property with termite infestation is located in an area where there are no approved HomeSteps general contractors or preservation and maintenance vendors, it is the listing broker's responsibility to obtain bids from an appropriate contractor.
- Once the required repairs are completed, the termite vendor should re-inspect the property to confirm that the infestation has been removed and repairs were completed to the required standards.

Questions?

If you have any questions regarding this update, please e-mail: HomeSteps_Repairs@FreddieMac.com

Do not reply to this email. It is an outgoing email service only.