

**Clarification of the Department of Veterans Affairs (VA)  
Acceptance of Water Catchment Systems in the State of Hawaii**

1. **Purpose.** The purpose of this Circular is to provide clarification of VA policy for individual properties with rainwater catchment systems that serve as collateral for a VA home loan in the State of Hawaii.

2. **Background.** For properties on individual water systems, water quality must meet the requirements of the local health authority having jurisdiction to be eligible for VA home loan purposes. If the local health authority does not have specific requirements, the maximum contaminant levels established by the Environmental Protection Agency (EPA) would apply. In the State of Hawaii, water catchment systems are not regulated by the Department of Health (DOH). DOH had a policy that water catchment systems were not safe for domestic use. After discussions with VA, DOH has determined that water catchment systems may be made safe for domestic use if certain guidelines are followed.

3. **Action.** Effective immediately, VA will process home loans for guaranty by participating VA lenders on properties with rainwater catchment systems as the source of domestic water with the following actions being taken:

a. Lenders must provide the Veteran purchaser a **printed** copy of the publication: [Guidelines on Rainwater Catchment Systems for Hawaii](#) by the University of Hawaii College of Tropical Agriculture and Human Resources. Lenders may find these guidelines at: [www.ctahr.hawaii.edu/hawaiirain/guidelines.html](http://www.ctahr.hawaii.edu/hawaiirain/guidelines.html).

b. The VA Notice of Value (NOV) issued in conjunction with the VA appraisal process must be conditioned in Block 20 of the NOV with: The Veteran purchaser must sign a written acknowledgement that they have received the publication cited in 3a. The written acknowledgement must state: "I have been provided a copy of the publication, *Guidelines on Rainwater Catchment Systems for Hawaii*, which includes information on the potential hazards of use of, and suggested maintenance procedures for rainwater catchment systems, as a source of domestic water."

c. The NOV must be conditioned in Block 5. **WATER/SEWAGE SYSTEM ACCEPTABILITY:** Evidence from the local health authority or other source authorized by VA that the individual   X   water supply, \_\_\_\_\_ sewage disposal system(s) is/are acceptable.

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d. Lenders are responsible to order water testing by a laboratory acceptable to the DOH. The sampling for this test may not be delegated to any party of interest to the transaction. For minimum water quality standards and listing of laboratories, see <http://health.hawaii.gov/sdwb/raincatchment/>.

e. The payment of the fee for this testing may be negotiable between the parties of interest to the transaction. The Veteran may pay the testing fee and pursuant to 38 CFR 36.4313 (d)(1)(ix), a regional variance will be submitted and approved by VA to allow this testing fee in the State of Hawaii. The fees may also be rolled into the loan as long as the total of principal, fees, and charges does not exceed the reasonable value of the property.

4. Rescission: This Circular is rescinded January 1, 2016.

By Direction of the Under Secretary for Benefits

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Director Loan Guaranty Service

Distribution: CO: RPC 2022  
SS (26A1) FLD: VBAFS, 1 each (Reproduce and distribute based on RPC 2022)