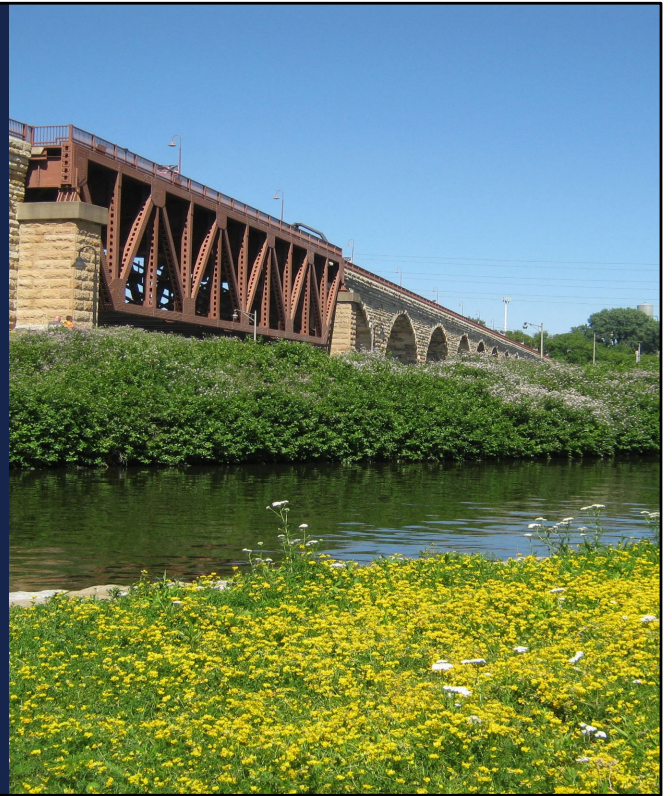


Environmental Requirements and Flood Insurance

Single Family Housing Guaranteed Loan Program
(SFHGLP)

November 2020



Welcome to the Environmental Requirements and Flood Insurance training module presented by USDA's Single Family Housing Guaranteed Loan Program.



Let's Review...

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Environmental Requirements
- 

Flood Hazard Policy
- 

Lender Due Diligence and Responsibility

Understanding the rules and requirements regarding potential environmental and flood concerns is important to ensuring you have an acceptable program property.

HB-1-3555, Chapter 12,
Section 4:
Environmental
Requirements



HB-1-3555,
Chapter 12.10A:
Due Diligence



7 CFR 3555.5 (d): Lender
and Loan Applicant
Responsibilities



Lenders are Required to:

✓ Utilize due diligence regarding potential environmental hazards;

✓ Ensure the property is safe, sanitary, and;

✓ Has sufficient value to adequately secure the loan.

Lenders are required to utilize due diligence to ensure that the property is free of known hazards that may have an adverse effect on the health and safety of the occupants or the security of the loan.

Flood Hazards

HB-1-3555, Chapter 12.10 B



Existing Dwellings

- Lender must ensure FEMA Form 086-0-32, “Standard Flood Hazard Determination Form (SFHDF)” is completed to determine if the dwelling is located in a Special Flood Hazard Area (SFHA).
- Flood insurance is required when any portion, including carports or decks, of the primary residential structure is located in a SFHA.
- Flood insurance is not required for structures such as sheds and garages that are detached from the primary residential structure.



- The lender must ensure FEMA's Standard Flood Hazard Determination Form is completed to determine if the home is located in a Special Flood Hazard Area.
- Existing dwellings in a SFHA are eligible only if flood insurance is available for the community and it is purchased by the borrower.
- Flood insurance is required when any portion of the primary residential structure is located in a SFHA, including attached structures such as decks or carports.
- Flood insurance is not required for structures such as sheds and garages that are detached from the primary residential structure.

Flood Hazards

HB-1-3555, Chapter 12.10 B



New or Proposed Construction

- New construction in a SFHA is ineligible for a loan guarantee unless the lender obtains:
 - Final Letter of Map Amendment or Final Letter of Map Revision from FEMA removing the property from the SFHA, or;
 - Form 086-0-33 Flood Insurance Elevation Certificate documenting the lowest floor is above the 100-year flood elevation.
 - Lender must also document that there are no practicable alternatives to new construction that are acceptable to the applicant.



- New or proposed construction in a Special Flood Hazard Area is ineligible for a loan guarantee unless a final Letter of Map Amendment or final Letter of Map Revision removing the property is obtained from FEMA; or
- The lender obtains a FEMA National Flood Insurance Program Elevation Certificate that documents that the lowest floor (including the basement) of the residential building, and all related improvements and equipment essential to the value of the property, are built at or above the 100-year flood elevation.
- The file must also document that there is a demonstrated need for the SFHGLP and there are no practicable alternatives to new construction within the SFHA that are acceptable to the applicant(s).

Flood Hazards

HB-1-3555, Chapter 12.10 B



Flood Insurance

- Flood Insurance must cover lesser of the outstanding principal balance of the loan or the maximum amount allowed under FEMA's NFIP.
- Maximum deductible should not exceed the greater of \$1,000; 1% of the face amount of policy, or the minimum deductible offered by the borrower's chosen insurance carrier.



- For properties that require flood insurance; the flood insurance must:
- Cover the lesser of the outstanding principal balance of the loan or the maximum amount allowed under FEMA's National Flood Insurance Program and
- the maximum deductible must not exceed the greater of \$1,000 or one percent of the face amount of the policy, or the minimum deductible offered by the borrower's chosen insurance carrier.

Flood Hazards

HB-1-3555, Chapter, 12.10 B



Existing dwellings and newly constructed dwellings located within a SFHA which are not served by public sewer systems must have a drinking water supply which is protected from cross contamination from on-site septic/sewage treatment during flooding.

A property serviced by an on-site septic or sewage treatment system is eligible provided one of the following can be met:

1 The property is served by a publicly provided water supply,

2 The property is serviced by a private drinking water/well supply with a fitted sanitary well cap which will prevent backflow of flood water, or;

3 The property is served by a private drinking water/well supply which opening is located above the base flood elevation of the SFHA.



- Existing and newly constructed dwellings that are located within the SFHA which are not served by public sewer systems and have on-site septic or sewage treatment systems must have a drinking water supply which is protected from cross contamination from the on-site septic/sewage treatment during flooding.
- In order for a property that falls under this criteria to be eligible, one of the following must be met:
 1. The property is served by a publicly provided water supply,
 2. The property is serviced by a private drinking water/well supply with a fitted sanitary well cap which will prevent backflow of flood water, or;
 3. The property is served by a private drinking water/well supply where the opening is located above the base flood elevation of the SFHA.

Important Forms



FEMA 086-0-32



FEMA 086-0-33



1970-B, Exhibit D

Let's review the forms that are essential for an environmental review.

FEMA 086-0-32
Standard Flood Hazard
Determination Form
(SFHDF)



Required on all loans to
determine if the dwelling
is located in a Special
Flood Hazard Area



https://www.fema.gov/sites/default/files/2020-07/fema_nfip_form_086-0-32.pdf



DEPARTMENT OF HOMELAND SECURITY
Federal Emergency Management Agency
STANDARD FLOOD HAZARD DETERMINATION FORM (SFHDF) OMB Control No. 1560-0040 Expires: 10/31/18

SECTION I - LOAN INFORMATION

1. LENDER/SERVICER NAME AND ADDRESS 2. COLLATERAL DESCRIPTION (Building/Mobile Home/Property) (See instructions for more information.)

3. LENDER/SERVICER ID # 4. LOAN IDENTIFIER 5. AMOUNT OF FLOOD INSURANCE REQUIRED

SECTION II

A. NATIONAL FLOOD INSURANCE PROGRAM (NFIP) COMMUNITY JURISDICTION

1. NFIP Community Name 2. County(ies) 3. State 4. NFIP Community Number

B. NATIONAL FLOOD INSURANCE PROGRAM (NFIP) DATA AFFECTING BUILDING/MOBILE HOME

1. NFIP Map Number or Community-Panel Number (Community name, if not the same as "A") 2. NFIP Map Panel Effective / Revised Date 3. Is there a Letter of Map Change (LOMC)?
 NO
 YES (If yes, and LOMC date/no. is available, enter date and case no. below.)

4. Flood Zone 5. No NFIP Map Date Case No.

C. FEDERAL FLOOD INSURANCE AVAILABILITY (Check all that apply.)

1. Federal Flood Insurance is available (community participates in the NFIP). Regular Program Emergency Program of NFIP
2. Federal Flood Insurance is not available (community does not participate in the NFIP).
3. Building/Mobile Home is in a Coastal Barrier Resources Area (CBRA) or Otherwise Protected Area (OPA). Federal Flood Insurance may not be available.
CBRA/OPA Designation Date: _____

D. DETERMINATION

IS BUILDING/MOBILE HOME IN SPECIAL FLOOD HAZARD AREA (ZONES CONTAINING THE LETTERS "A" OR "V")? YES NO
If yes, flood insurance is required by the Flood Disaster Protection Act of 1973.
If no, flood insurance is not required by the Flood Disaster Protection Act of 1973. Please note, the risk of flooding in this area is only reduced, not removed.
This determination is based on examining the NFIP map, any Federal Emergency Management Agency revisions to it, and any other information needed to locate the building/mobile home on the NFIP map.

E. COMMENTS (Optional)

F. PREPARER'S INFORMATION

NAME, ADDRESS, TELEPHONE NUMBER (If other than Lender) DATE OF DETERMINATION

FEMA Form 086-0-32 (06/16) SFHDF - Form Page 1 of 1

- First is FEMA's "Standard Flood Hazard Determination Form".
- This form is required on all loans to determine if the dwelling or proposed building site is located in a Special Flood Hazard Area.
- The form is available on FEMA's website.

FEMA 086-0-33
Elevation Certificate



Completed by a licensed
engineer or surveyor



https://www.fema.gov/sites/default/files/2020-07/fema_nfp_elevation_certificate-form_feb-2020.pdf



U.S. DEPARTMENT OF HOMELAND SECURITY
Federal Emergency Management Agency
National Flood Insurance Program

OMB No. 1565-0008
Expiration Date: November 30, 2018

ELEVATION CERTIFICATE

Important: Follow the instructions on pages 1-3.

Copy all pages of this Elevation Certificate and all attachments for (1) community official, (2) insurance agent/company, and (3) building owner.

SECTION A – PROPERTY INFORMATION

A1. Building Owner's Name	FOR INSURANCE COMPANY USE Policy Number:	
A2. Building Street Address (including Apt., Unit, Suite, and/or Bldg. No.) or P.O. Route and Box No.	Company NAIC Number:	
City	State	ZIP Code
A3. Property Description (Lot and Block Numbers, Tax Parcel Number, Legal Description, etc.)		
A4. Building Use (e.g., Residential, Non-Residential, Addition, Accessory, etc.)		
A5. Latitude/Longitude: Lat. _____ Long. _____ Horizontal Datum: <input type="checkbox"/> NAD 1927 <input type="checkbox"/> NAD 1983		
A6. Attach at least 2 photographs of the building if the Certificate is being used to obtain flood insurance.		
A7. Building Diagram Number _____		
A8. For a building with a crawlspace or enclosure(s):		
a) Square footage of crawlspace or enclosure(s) _____ sq ft		
b) Number of permanent flood openings in the crawlspace or enclosure(s) within 1.0 foot above adjacent grade _____		
c) Total net area of flood openings in A8.b _____ sq in		
d) Engineered flood openings? <input type="checkbox"/> Yes <input type="checkbox"/> No		
A9. For a building with an attached garage:		
a) Square footage of attached garage _____ sq ft		
b) Number of permanent flood openings in the attached garage within 1.0 foot above adjacent grade _____		
c) Total net area of flood openings in A9.b _____ sq in		
d) Engineered flood openings? <input type="checkbox"/> Yes <input type="checkbox"/> No		

SECTION B – FLOOD INSURANCE RATE MAP (FIRM) INFORMATION

B1. NFIP Community Name & Community Number		B2. County Name	B3. State		
B4. Map/Panel Number	B5. Suffix	B6. FIRM Index Date	B7. FIRM Panel Effective/ Revised Date	B8. Flood Zone(s)	B9. Base Flood Elevation(s) (Zone A/O, Use Base Flood Depth)

B10. Indicate the source of the Base Flood Elevation (BFE) data or base flood depth entered in item B9:
 FIS Profile FIRM Community Determined Other/Source: _____

B11. Indicate elevation datum used for BFE in item B9: NGVD 1929 NAVD 1988 Other/Source: _____

B12. Is the building located in a Coastal Barrier Resources System (CBRS) area or Otherwise Protected Area (OPA)? Yes No
Designation Date: _____ CBRS OPA


FEMA Form 086-0-33 (7/16)

- Next is FEMA's "Elevation Certificate".
- This form is required on all new or proposed construction to determine if the lowest floor (including the basement) of the residential building, and all related improvements/equipment essential to the value of the property, are built at or above the 100-year flood elevation and comply with the National Flood Insurance Program criteria.
- This form must be completed by a licensed engineer or surveyor.

RD Instruction 1970-B, Exhibit D

RD Instruction 1970-B
Exhibit D
Page 1

Categorical Exclusion Form



**U.S. DEPARTMENT OF AGRICULTURE RURAL DEVELOPMENT
ENVIRONMENTAL CHECKLIST FOR CATEGORICAL EXCLUSIONS**

1. APPLICANT NAME: _____

2. NAME OF PROPOSAL (provide brief description): _____

3. ADDRESS OR GENERAL LOCATION OF PROPOSAL: _____

4. FEDERAL ACTION: Loan Grant Guarantee Construction Work Plan or Loan/System Design

5. APPLICABLE RD PROGRAM: _____
Rural Utilities Service - RUS - Rural Housing Service - RUS - Rural Housing Service - Direct Loan -

6. THIS PROPOSAL QUALIFIES AS A CATEGORICAL EXCLUSION IN ACCORDANCE WITH § 1970.53 -- OR § 1970.54 -- . (List all regulations the subject property meets)

7. ENVIRONMENTAL REPORT PREPARED FOR RD: YES NO

* This form can be used to document the consideration and incorporation by reference of environmental information from any source

8. Section 106 Findings:
No Potential to Affect No Adverse Effect to Historic Properties
No Historic Properties Affected

9. Endangered Species Act, Section 7 Findings:
Species/Habitat - Not Present Species/Habitat Present - May Affect, Not Likely to Adversely Affect
Species/Habitat - No Effect

10. IF PREPARED, ATTACH ENVIRONMENTAL REPORT (SEE EXHIBIT C)

For the items listed below, indicate either a "Yes" or "No" in the appropriate columns. If the answer is "Yes" in the "Adversely Affected" column for any listed resources, then an extraordinary circumstance exists and the proposed action is not eligible for a Categorical Exclusion.

(00-09-00) SPECIAL PM

➤ Agency staff completes the form.

➤ Lender must be able to identify potential environmental impacts prior to loan submission.

RD Instruction 1970-B
Exhibit D
Page 2
Table (Con.)

Resources	Resources Present		Effects to Resources		
	Yes	No	No Effect	Affected	Adversely Affected
a. Historic Properties/Cultural Resources (Historic Properties listed or eligible for listing in the National Register of Historic Places, sites of cultural or religious significance to tribes)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. Threatened or Endangered Species, Critical Habitat, State Listed Species	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c. Wetlands	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d. Floodplains (100 or 500 year Floodplains)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e. Formally Classified Lands (State/Federal Parks, Monuments, Natural Landmarks, Wilderness Areas, Wild and Scenic Rivers, National Forest System Lands, other Federal or State Lands, etc.)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
f. Water Resources (Sole Source Aquifers, Well-head protection areas, Watershed Protection Areas, etc.)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
g. Coastal Resources (Coastal Barrier Resources System or Coastal Zone Management Areas)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
h. Coral Reefs or Protected aquatic habitats (Only applies to American Samoa, Florida, Guam, Hawaii, Northern Mariana Islands, Puerto Rico, U.S. Virgin Islands)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Questions	Yes	No			
i. Is the proposal located on Important Farmland (Prime Farmland, Unique Farmland, Farmland of Statewide Importance, Farmland of Local Importance) and if so, has Form AD-1006 been completed?	<input type="checkbox"/>	<input type="checkbox"/>			
j. Does the project threaten a violation of local, state, or federal regulatory, regulatory, or permitting requirements? Have all necessary permits been identified?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
k. Is the proposal located within EPA-designated Non-Attainment or Maintenance Areas for Air Quality Criteria Pollutants?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
l. Does the proposal result in the production of unpermitted hazardous materials or waste, or consist of construction of a new RCRA hazardous materials handling facility?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

<https://www.rd.usda.gov/sites/default/files/1970b.pdf>

- Lastly is RD Instruction 1970-B, Exhibit D.
- This form is completed by the Agency to determine if there are any significant environmental impacts regarding a subject property.
- Lenders are encouraged to become familiar with the form so that they can identify any potential environmental impacts prior to submission.
- Displayed here are pages 1 and 2.

RD Instruction 1970-B, Exhibit D

RD Instruction 1970-B
Exhibit D
Page 3

Table (Con.)

m. Does the proposal have any Environmental Justice concerns or disproportionately high and adverse human health or environmental effects on minority populations or low-income populations?	<input type="checkbox"/>	<input type="checkbox"/>	
n. Is the proposal controversial for environmental reasons? If so, attach a summary of the controversy(ies) and any actions taken and resolutions necessary to respond to the concerns.	<input type="checkbox"/>	<input type="checkbox"/>	
o. Is the proposal controversial for other than environmental reasons? If so, attach a summary of the controversy(ies) and any actions taken and resolutions necessary to respond to the concerns.	<input type="checkbox"/>	<input type="checkbox"/>	

11. FINDING:

I find that the proposal meets the criteria established in 7 CFR §1970.53, "Categorical Exclusions Involving No or Minimal Disturbance," or §1970.54, "Categorical Exclusions Involving Small-scale Development." Upon review of the proposal's description or the Environmental Report I find that the proposal is consistent with 40 CFR §1508.4, "Categorical Exclusion" and does not have any extraordinary circumstances or that the proposal individually or cumulatively does not have a significant effect on the human environment and, therefore, neither an Environmental Assessment nor an Environmental Impact Statement is required.

<Insert Regulation(SAMPLE)>

1970.53(c)(5) "Siting, construction, and operation of new or additional water supply wells for residential, farm, or livestock use".

(00-00-00) SPECIAL PH

➤ **Agency staff completes the form.**

➤ **Lender must be able to identify potential environmental impacts prior to loan submission.**

RD Instruction 1970-B
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Page 4

12. SIGNATURES:

12a. SIGNATURE OF PREPARER

DATE

NAME OF PREPARER

TITLE

12b. SIGNATURE OF STATE ENVIRONMENTAL COORDINATOR OR NATIONAL ENVIRONMENTAL STAFF

DATE

NAME OF STATE ENVIRONMENTAL COORDINATOR OR NATIONAL ENVIRONMENTAL STAFF

TITLE

12c. SIGNATURE OF APPROVING OFFICIAL

DATE

NAME OF APPROVING OFFICIAL

TITLE

<https://www.rd.usda.gov/sites/default/files/1970b.pdf>

- Displayed here are pages 3 and 4.
- Agency staff will sign the form as the preparer and approving official.
- If there are any areas of concern that would require a review by the State Environmental Coordinator, their signature would be required as well.

Lender Toolkit



Rural Development has developed numerous tools and resources to assist lenders with originating, processing, and servicing guaranteed loans.

- This training module has provided you with an overview of the key requirements of Environmental Requirements and Flood Insurance.
- Complete program requirements and guidance on this topic can be found in 7 CFR Part 3555, Subpart A, Section 3555.5 and Chapters 4, 6, 12, 15, and 16 of HB-1-3555.
- Be sure to bookmark these references, save yourself valuable time by using Cntrl-F to quickly search and find answers, and always ensure you are referencing the most current publications.
- The “Program Overview Training” module will assist you in learning how to navigate through all the resources and tools Rural Development has created to assist you.

Have a question on
POLICY?

Contact the PAC team!



Need TRAINING?

Contact the LPA team!



Have a question on a
SPECIFIC FILE?

Contact the OPD!



USDA Rural Development U.S. DEPARTMENT OF AGRICULTURE Single Family Housing Guaranteed Loan Program (SFHGLP) **Contacts & Resources**

TOPIC	CONTACT
File-Specific Questions Information to include in email: <ul style="list-style-type: none"> Identify the state the application is located; if applicable; Provide applicant's name and USDA borrower ID, if applicable; GUS loan number, if applicable Include contact information; and Indicate if you would like a call back (otherwise you will receive an email reply) 	Production Team One: SFHGLPONE@usda.gov AK, AL, AZ, CA, CO, GU, HI, IA, ID, KS, MT, NM, NV, OR, SD, TX, UT, WA, WI, WY, WY Production Team Two: SFHGLPTWO@usda.gov AR, KY, LA, MN, MO, MS, ND, NE, NJ, NY, OK Production Team Three: SFHGLPTHREE@usda.gov CT, DE, GA, IL, MA, MD, ME, MI, NC, NH, RI, SC, VT, WV Production Team Four: SFHGLPFOUR@usda.gov FL, IN, OH, PA, PR, TN, VA, VI
Lender Approval/Recertification	sfhgld.compliance@usda.gov
Lender Self-Report	sfhgld.compliance@usda.gov
Program Training	sfhgld.lenderpartner@usda.gov
Program Marketing & Outreach	sfhgld.lenderpartner@usda.gov
General Loan Scenario Questions	sfhgld.program@usda.gov
Loan Policy/Regulation/Handbook	sfhgld.program@usda.gov
Loan Servicing	sfhgld.servicing@usda.gov
Technical Issues: GUS	RD.HD@USDA.GOV
Technical Issues: e-Authentication	E-Authentication FAQs: (https://www.eauth.usda.gov/eauth/h/usda/faq) E-Authentication Contact Us: (https://www.eauth.usda.gov/eauth/h/usda/contactus)
Loss Claims	guarantee.svc@usda.gov
Monthly & Quarterly Status Reporting	rd.infaoc.hsb@usda.gov
GUS User Agreements	rd.infaoc.hsb@usda.gov
TOOLS & RESOURCES	
Regulation and Handbook: https://www.rd.usda.gov/resources/sectors Lender Webpage—Turn times, contact information, and helpful links: https://www.rd.usda.gov/page/sfh-guaranteed-lender USDA LINC—Training modules, user guides, and more useful resources: https://www.rd.usda.gov/programs-services/lenders/usda-linc-training-resource-library GovDelivery—Receive notifications regarding origination, servicing, and GUS updates: https://public.govdelivery.com/accounts/USDARD/subscribe/new	

- Users should first look for answers to their questions in the regulation and handbook, but if you still have a question after reviewing your resources, we're here to help.
- All policy and regulation questions regarding the topic we just covered should be sent to our Policy, Analysis, and Communications Branch and
- If you would like to request additional program training, contact our Lender and Partner Activities Branch.

The Single Family Housing Guaranteed Lender webpage was specifically designed for our lending partners and includes information such as:

- Current turn times on new loan applications
- Contact information, and
- Links to program resources such as our 3555 Handbook and the [USDA LINC](#) website.
- Also, don't forget to sign up for our GovDelivery email notifications. Rural Development sends out origination, GUS, and servicing messages to alert lenders of new publications, clarifications, and additional program updates.

Thank you for supporting the USDA Single Family Housing Guaranteed Loan Program and America's rural homebuyers!



www.rd.usda.gov
1 (800) 800-670-6553

USDA is an equal opportunity provider, employer, and lender.



This will conclude the training module. Thank you and have a great day!