



United States
Department of
Agriculture

Rural Development



New Construction

Single Family Housing Guaranteed Loan Program



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Training Objectives

- Where is the topic located?
 - * 7 CFR Part 3555 and HB-1-3555
- Learning Checks
- Resources



Things change!

- Every effort has been made to ensure training references are accurate at the time of publication.
- Always reference the most recent USDA publications available online.



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Guaranteed Loan Program Regulation


7 CFR Part 3555

- The regulation is the rule!
- 8 Subparts: A – H
- Appendix 1




7 CFR Part 3555

<http://www.rd.usda.gov/publications/regulations-guidelines>





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7 CFR Part 3555

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Handbooks

HB-1-3550 Direct Single Family Housing Loans and Grants - Field Office Handbook

HB-2-3550 Direct Single Family Housing Loans and Grants - Centralized Servicing Center Handbook

HB-1-3555 SFH Guaranteed Loan Program Technical Handbook

HB-1-3560 MFH Loan Origination Handbook

HB-2-3560 MFH Asset Management Handbook

HB-3-3560 MFH Project Servicing Handbook

HB-1-3565 Guaranteed Rural Rental Housing Program Origination and Servicing Handbook

Application Information Systems Support Handbook

HB-1-3550 Direct Single Family Housing Loans and Grants - Field Office Handbook

HB-1-3555 SFH Guaranteed Loan Program Technical Handbook

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- Chapter 15** - Submitting the Application Package
- Chapter 16** - Closing the Loan and Requesting the Guarantee

Chapter 17 - Regular Servicing-Performing Loans

Chapter 18 - Servicing Non-Performing Loans - Accounts with Repayment Problems

Chapter 19 - Custodial and Real Estate Owned Property

Chapter 20 - Loss Claims - Collecting on the Guarantee

Acronyms

Glossary

Appendix 1 - 7 CFR part 3555

Appendix 2 - Forms and Instructions

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Appendix 4 - Agency and Employee Addresses

Appendix 5 - Income Limits

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Appendix 9 - Penalties

Appendix 10 - Unnumbered Letter and State Supplements



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7 CFR Part 3555

Subpart E: Underwriting the Property

- .201: Site requirements
- **.202: Dwelling requirements**
- .203: Ownership requirements
- .204: Security requirements
- .205: Special requirements for condominiums
- .206: Special requirements for community land trusts
- .207: Special requirements for Planned Unit Developments (PUD's)
- .208: Special requirements for manufactured homes
- .209: Rural Energy Plus loans



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7 CFR Part 3555

3555.202

Dwelling requirements.

- (a) New dwellings.
- (b) Existing dwellings.
- (c) Escrow account for exterior or interior development.



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7 CFR Part 3555: 3555.202(a)

- (a) New dwellings. New dwellings must be constructed in accordance with certified plans and specifications, and must meet or exceed the International Energy Conservation Code (IECC) in effect at the time of construction. The lender must obtain and retain evidence of construction costs, inspection reports, certifications, and builder warranties acceptable to Rural Development.



Guaranteed Loan Program Technical Handbook

HB-1-3555

- Provides guidance to support the regulation
- HB is not the rule
- 20 Chapters

HB-1-3555

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HB-1-3555

SECTION 3: DWELLING REQUIREMENTS

12.8 MODEST HOUSING

12.9 EXISTING AND NEW DWELLINGS

- A. Existing Dwellings
- B. New Dwellings
- C. Repair Escrows



TIPS

- Underwriter = USDA Approved Lender
- USDA = not an underwriter
- Research Rule & HB questions: Table of Contents
- Research Rule & HB questions: Control + F

7 CFR Part 3555

supplemental social security income and Social Security benefits received in a lump sum;

(vii) Any earned income tax credit;

(viii) **Adoption** assistance in excess of any amount determined pursuant to HUD's definition of annual income at 24 CFR 5.609(c);

Find x

Adoption

Previous Next



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7 CFR PART 3555 / HB-1-3555

LEARNING CHECKS



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Question Slide

“Topic”

- Question will be bulleted with scenario, or
- Include a statement/question

TRUE/FALSE or other answer options will be displayed



ANSWER SLIDE

“Topic”

ANSWER: 7 CFR Part 3555 and HB-1-3555 references provided

X. Correct Response

- Additional guidance for clarification may be provided



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LET'S
GET STARTED.



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New construction

- New construction dwelling
- Built to eligible building code (includes thermal standard)
- 3 eligible construction inspections retained
- One year builder's warranty
- This new construction dwelling is eligible for a guarantee

A. TRUE B. FALSE



New construction

ANSWER: 3555.202(a), HB 12.9 B

A. TRUE

- Retained evidence must meet 3555.202(a) and 12.9 B
- Lender retains evidence in permanent loan file
- USDA may request for audit purposes



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New construction

Spec home:

- Certification of occupancy dated: October 2014
- Purchase agreement dated: December 2015
- This is a new construction dwelling

A. TRUE B. FALSE



New construction

ANSWER: 3555.202(a), HB 12.9 B

B. FALSE

- Home has been completed over 12 months
- Spec home is now considered an existing dwelling
- Must meet HUD Handbook minimum property requirements



New construction

- New construction dwelling
- Builder presents eligible 10 year insured warranty
- Builder is eligible to sign Form RD 1924-25
- Final inspection is obtained
- No further documentation is required

A. TRUE B. FALSE



New construction

ANSWER: 3555.202(a), HB 12.9 B

A. TRUE

- Insured builder's warranty must meet RD Instruction 1924-A, Exhibit L
- Builder may sign the certification with an eligible insured warranty



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New construction

- New construction dwelling
- No evidence of building code
- Only one construction inspection available
- One year builder's warranty
- This loan is not eligible for guarantee

A. TRUE B. FALSE



New construction

ANSWER: 3555.103(c), HB 12.9 B

B. FALSE

- New construction homes without required evidence are limited to 90% loan to value
- Upfront guarantee fee may be included above 90% LTV



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New construction

Which of the following may not certify plans and specifications for a new dwelling?

- A) Licensed architect
- B) Professional engineer
- C) Builder
- D) Licensed Plumber



New construction

ANSWER: 3555.202(a), HB 12.9 B

D. Licensed Plumber

- Eligible parties to certify to plans and specifications are listed in the HB and on Form RD 1924-25
- Those completing the form may verify with electricians, plumbers, etc. codes they utilized



New construction

- Appraisal for new construction dwelling
- Appraiser states HUD Handbook 4000.1 minimum property requirements is met
- This certification may be accepted in lieu of inspection requirements in 12.9 B

A. TRUE B. FALSE



New construction

ANSWER: 3555.202(a), HB 12.9 B

B. FALSE

- HUD Handbook minimum property requirements are for existing dwellings
- New construction dwellings must meet required documentation in HB 12.9 B



New construction

- Modular homes are considered stick built homes
- New modular homes must meet documentation requirements as determined for new construction dwellings

A. TRUE B. FALSE



New construction

ANSWER: 3555.202(a), HB 12.9 B

A. TRUE

- Modular homes are constructed to the building code of their destination
- Construction inspections and additional new construction dwelling documentation applies



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**WAY
TO GO!**



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Thank you for supporting
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Housing Guaranteed Loan
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