Welcome to Property Eligibility, presented by USDA's Single Family Housing Guaranteed Loan Program!
Training Objectives

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

The objectives of the training include:
1. Demonstrating where the training topic is located in the program regulation, 7 CFR Part 3555 and the technical handbook, HB-1-3555.
2. Providing learning checks to help you gain a working knowledge of the topic, and
3. Links to online resources to assist in locating program information.
Every effort has been made to ensure this training and all references are accurate, however, new program revisions and clarifications may occur. Therefore, please ensure you always reference the most recent USDA publications available online.

This training module is not intended to replace the need to reference the regulation, technical handbook, and additional USDA published documents regarding the Guaranteed Loan Program.
7 CFR Part 3555 is the program regulation. It is the first place users should look for the answers to their questions. The regulation is the rule and it cannot be overridden by the technical handbook. The 7 CFR Part 3555 is comprised of 8 subparts, A through H. You can access the full regulation online as Appendix 1 from the Regulations and Guidelines website.
The Regulations and Guidelines website is located from the link shown on the slide.

Under “Rural Development” there are many items available from this home page.

To access the regulation, select “Handbooks.”
A list of all USDA Rural Development handbooks will display.

Be sure to select the correct technical handbook: HB-1-3555.

Once HB-1-3555 is selected, the entire handbook, including all appendix will display for selection.

Appendix 1 is the full regulation, 7 CFR Part 3555.
Property eligibility guidance is located in Subpart E, Section 3555.201.
The regulation Table of Contents provides a quick view of the individual topics included under this Section.
3555.201(a) states that USDA will only guarantee loans made in rural areas that are designated as rural by Rural Development! But sometimes designations change. That does not mean that newly ineligible areas can not longer close some loan transactions.

When an eligible area is changed to ineligible the following transactions continue to be eligible:
• Existing Conditional Commitments that have been issued by USDA may still close,
• Supplemental loans may be made in conjunction with an eligible transfer and assumption,
• Loan requests that have a purchase contract completed prior to the area change, and
• REO property sales of USDA loans and transfer and assumptions.
The 7 CFR Part 3555 regulation cannot cover every topic and every potential scenario, therefore a technical handbook has been published to support the regulation and provide additional clarification. HB-1-3555 has 20 chapters.
The handbook may be accessed from the Regulations and Guidelines website. Property eligibility guidance is located in Chapter 12.
This screen shot displays the Table of Contents of Chapter 12. This helps the user to locate specific topics more quickly.
Handbook chapter 12, section 12.2 A includes additional information regarding how the rural area designation is determined.

USDA Rural Development ultimately reviews the area, population, and additional documentation to render a determination under program regulations. Changes to areas may be due to either USDA’s periodic review or the decennial U.S. census. USDA performs rural designation reviews every five years. Public notification is provided 30 days prior to any potential changes. 7 CFR Part 3550, the Section 502 direct loan handbook includes additional guidance as well as the direct technical handbook HB-1-3550 in section 5.3. Rural area definitions are also provided in 3555.10, which is the definitions section of the 7 CFR Part 3555.
HB 12.2. B covers the notification of rural area changes. USDA offers an online property eligibility website where an address may be entered and one of three eligibility determinations will be rendered:

- Eligible
- Ineligible, or
- Unable to be Determined.
HB 12.2 C reiterates the regulation in regards to making loans in newly ineligible areas, which include:

• Complete applications submitted to USDA will continue to be eligible for USDA review,
• Issued Conditional Commitments that have already been issued by the Agency but are pending loan closing,
• USDA REO sales and transfers and assumptions, and
• Supplemental loans made in conjunction with a transfer and assumption.
A few helpful tips:
1. The underwriter of the loan is the approved lender’s underwriter.
2. USDA is NOT the underwriter of the loan.
3. When researching topics, it is helpful to begin with the Table of Contents for the regulation and the handbook.
4. A great best practice when searching for information is to open the regulation or a handbook chapter, select the “Control” button on the keyboard, hold it down, and then also select the “F” key. A keyword search box will appear. Enter a keyword or phrase to locate information more quickly.
USDA offers convenient online tools to assist lending and real estate professionals to quickly locate eligible properties for guaranteed loans.
The Property and Income Eligibility tool is located from the website listed on this slide. In this training module we will focus on the property eligibility portion of this online tool.

After you access the website, select “Single Family Housing Guaranteed” option from the top screen shot.

Then select the “Property Eligibility” option, shown on the second screen shot. The “Property Eligibility Disclaimer” will also display to explain that this a tool, and every effort is made to ensure accurate determinations are delivered, however final property eligibility determinations are made by USDA.” Select “Accept”, which is not shown on this slide, to move forward on this site.
A map of the United States will display. In the top left corner a complete address can be entered to seek a determination.
This example displays an entered address. Next select “GO!”
The property eligibility determination will be displayed. In this example the address is located in an eligible area.
There are three potential property determinations that may display:

1. Eligible
2. Ineligible
3. Unable to Determine: Contact USDA State Office for assistance
There are also three different ways to view the eligibility maps, which may affect how you can determine if the response is accurate. By selecting “Switch Basemap” at the top right corner, the three options will display. Choose the one you wish to view.
Here are some helpful tips when researching property addresses:
1. Enter complete addresses including zip codes when possible.
2. Verify addresses through Google or Bing to ensure they are not in error if you do not receive the anticipated result.
3. Use the “Zoom” tools located on the eligibility page to view surrounding areas, streets, etc. to help validate the response received.
There is also a more technical method that can also be used. By selecting the “push pin” icon, you can enter latitude and longitude coordinates of a subject property.
The Guaranteed Underwriting System (GUS) includes an eligibility check from this website when a complete address is entered on the “Eligibility” application page. When you select “Check Property Eligibility” or “Save” the application page, GUS will display the property eligibility determination. Please review this determination and decide if additional action is required.
The best way to learn information is to test your knowledge!
Each question slide will list:
• the topic
• A question or scenario, and
• potential responses.
The answer slide will list:
• The topic
• The reference to the answer from the regulation and handbook
• The correct response, and
• Any additional clarification that may be helpful.
Let's get started!
Rural areas

• The property eligibility website returns “Unable to Determine”
• The loan cannot be submitted to USDA

A. TRUE  B. FALSE

Read the question on the slide and select a response.
False
The lender should contact USDA to confirm if the property is eligible or not.
If the property is eligible, it may still be electronically submitted to USDA in GUS, or manually.
If the property is not eligible, then the lender can begin to pursue alternative loan programs to assist their client.
Rural areas

• A rural area is changed from eligible to ineligible
• Only guaranteed loans with issued conditional commitments may be closed in this area

A. TRUE     B. FALSE

Read the question on the slide and select a response.
While loans that do have eligible Conditional Commitments may continue to close, there
are other loans that remain eligible as well:
• Complete loan applications that were submitted to USDA for processing prior to the
effective date of the rural map change may still receive Conditional Commitments.
• USDA REO sale properties and Transfer and Assumption transactions continue to be
eligible.
• Supplemental loans that are made in conjunction with a Transfer and Assumption may
also continue to be approved.
Rural areas

- Refinance loan
- Property address was eligible at time of purchase, it is now ineligible
- GUS returns “Ineligible” for property eligibility result
- This loan is ineligible for refinance

A. TRUE B. FALSE
Section 502 direct and guaranteed loans continue to be eligible for refinance transactions even when the property may become located in an ineligible area. If a property is determined “Ineligible” in GUS due to property location, the lender may still perform a final submission to USDA. (This excludes streamlined assist refines because they cannot be processed in GUS.) USDA can change the property determination when the Agency processes the loan. No changes will reflect in GUS for the lender to see pertaining to the property eligibility determination.
Rural areas

- Purchase loan
- GUS returns “Unable to Determine” for property eligibility result
- Lender verifies property is located in an eligible area
- This loan cannot be submitted through GUS to USDA

A. TRUE    B. FALSE

Read the question on the slide and select a response.
Rural areas
ANSWER: 3555.201(a), HB 12.3 A

B. FALSE

- Loan request may still be submitted through GUS to USDA
- Lender must upload documentation to support property location
- USDA will verify and change the determination when the loan is processed

False
Loans may continue to be submitted from GUS to USDA with “Ineligible” or “Unable to Determine” results.
The lender must upload documentation to support the property is located in an eligible area.
USDA will verify and change the result when the Agency processes the loan.
Rural areas

- Purchase loan
- GUS returns “Ineligible” for property eligibility result
- Lender does not verify property, it truly is ineligible
- The loan can be submitted through GUS to USDA

A. TRUE     B. FALSE

Read the question on the slide and select a response.
True
GUS will continue to allow the loan to be submitted, but the lender has not read the findings report.
USDA will verify the property is not eligible and may either release the loan for correction, or issue a loan denial.
Way to go! You have completed the learning checks!
Don’t forget the Regulations and Guidelines website is a wonderful source of USDA guideline knowledge.
Please sign up for GovDelivery messages. USDA sends out origination (including 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! We appreciate the opportunity to help you serve more rural homebuyers!
This will conclude the training module. Thank you and have a great day!