Property Eligibility

Single Family Housing Guaranteed Loan Program
**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.
Guaranteed Loan Program Regulation

7 CFR Part 3555

• The regulation is the rule!
• 8 Subparts: A – H
• Appendix 1
7 CFR Part 3555

HB-1-3555 SFH Guaranteed Loan Program Technical Handbook

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Acronyms

Glossary

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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
7 CFR Part 3555

3555.201 Site requirements.
(a) Rural areas.
(b) Site standards.
7 CFR Part 3555: 3555.201(a)

Sec. 3555.201 Site requirements.

(a) Rural areas. Rural Development will only guarantee loans made in rural areas designated as rural by Rural Development. However, if a rural area designation is changed to nonrural:

(1) Existing conditional commitments in the former rural area will be honored;

(2) A supplemental loan may be made in accordance with Sec. 3555.101 in conjunction with a transfer and assumption of a guaranteed loan;

(3) Loan requests where the application and purchase contract was complete prior to the area designation change may be approved; and

(4) REO property sales and transfers with assumption may be processed.
Guaranteed Loan Program Technical Handbook
HB-1-3555

• Provides guidance to support the regulation
• HB is not the rule
• 20 Chapters
HB-1-3555 SFH Guaranteed Loan Program Technical Handbook

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HB-1-3555: Chapter 12

SECTION 1: UNDERWRITING THE PROPERTY

12.2 OVERVIEW
12.3 RURAL AREA DESIGNATION
   A. Rural Area Definition
   B. Notification of Rural Area Designation
   C. Making Loans in Areas Changed to Non-rural
12.4 SITE REQUIREMENTS
HB-1-3555: Chapter 12.2 A

Rural Area Designation:

• Determined by USDA

• Changes may be due to periodic review or decennial census

• USDA reviews areas every 5 years

• Public notification given 30 days prior to effective date

• Additional Resources: 7 CFR Part 3550, 3555.10 and HB 3550, 5.3
HB-1-3555: Chapter 12.2 B

Notification of Rural Area Change:

• Maps available online
• Address may be entered
• Property Determinations include:
  – Eligible
  – Ineligible, or
  – Unable to be Determined
HB-1-3555: Chapter 12.2 C

Making Loans in Areas Changed to Non-rural:

• Complete application already submitted to USDA, awaiting processing
• Conditional Commitment already issued by USDA, pending loan closing
• USDA REO Sales and Transfer and Assumptions
• Supplemental loan made in conjunction with transfer and assumption
TIPS

• Underwriter = USDA Approved Lender
• USDA = not an underwriter
• Research Rule & HB questions: Table of Contents
• Research Rule & HB questions: Control + F
ONLINE TOOLS
Online: Property and Income Eligibility
http://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do
Enter address
Enter address

1100 Oakwood, Marion, IL 62959
Eligibility Determination Delivered
Property Determinations:

1. Eligible
2. Ineligible
3. Unable to Determine: Contact USDA State Office for assistance
Change the look of property map display
Helpful Tips:

• Enter complete addresses, including zip code
• Use “Google” or “Bing” to verify address if unsure about rendered determination
• Use the “Zoom” tools on the Eligibility page to ensure the property is showing a correct result
Helpful Tips:

• Enter Latitude and Longitude coordinates of the property using this option:
GUS Loans

• Enter complete address on “Eligibility” application page
• GUS will render a property eligibility determination
• Lenders must review the determination and take further action if applicable
7 CFR PART 3555 / HB-1-3555
LEARNING CHECKS
“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
Rural areas

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

A. TRUE     B. FALSE
Rural areas

ANSWER: 3555.201(a), HB 12.3 B

B. FALSE

• Verify data entered for accuracy
• Contact USDA for assistance
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
Rural areas

**ANSWER:** 3555.201(a), HB 12.3 C

B. FALSE

In addition to issued commitments, the following remain eligible:

- Applications submitted to USDA prior to effective date
- USDA REO sales and Transfer and Assumptions
- Supplemental loans in conjunction with a Transfer and Assumption
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
Rural areas

ANSWER: 3555.201(a), HB 12.3 C

B. FALSE

- Refinance loans may continue for properties now located in an ineligible area
- Loan request may still be submitted in GUS to USDA with an “Ineligible” property determination (excludes streamlined assist refinances)
- USDA will change the determination when the loan is processed
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
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
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
Rural areas

ANSWER: 3555.201(a), HB 12.3 A

A. TRUE

- GUS will allow the loan to transmit to USDA
- Lender has not read the findings report accurately
- USDA will ensure property is ineligible and issue loan denial
WAY TO GO!
Regulations


Regulations & Guidelines

All Federal regulations can be found at Regulations.gov and customers can search, review and submit comments on Federal documents that are open for comment and published in the Federal Register.

As a service to our customers, we post Rural Development’s Instructions, Administrative Notices, and forms. The Instructions are available in three file formats: Adobe Acrobat (PDF), Microsoft Word 6.0 (doc) and Text (txt). To the extent possible, all documents have been made available in either Adobe Acrobat Ver 5.0 and higher, or Text and are 508 compliant. If you should have accessibility issues and need a hard copy, please send an e-mail to comments@wdc.usda.gov.

If you are having problems with this page, need a hard copy of any of the documents due to accessibility issues or would like to be added to the Regulations Update distribution list (available for Rural Development employees only with a valid Rural Development e-mail address), please e-mail comments@wdc.usda.gov.

Rural Development

- Administrative Notices
- Instructions
- Forms
- Spanish Forms, Form Letters and Guide Letters
- Handbooks
- Procedures, Notices
- Significant Guidance Documents
- Unnumbered Letters
- Federal Register Publications
GovDelivery Sign up


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