



USDA United States Department of Agriculture
Rural Development

Property Eligibility

Single Family Housing Guaranteed Loan Program

1



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Training Objectives

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

2



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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.

3



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Guaranteed Loan Program Regulation

7 CFR Part 3555

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

4

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7 CFR Part 3555

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

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Rural Development

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

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7 CFR Part 3555

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Home / Publications / Regulations & Guidelines / Handbooks

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-4-3555** 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-4-3555 SFH Guaranteed Loan Program Technical Handbook

Table of Contents

- Chapter 1 - Overview
- Chapter 2 - Record Retention
- Chapter 3 - Lender Approval
- Chapter 4 - Lender Responsibilities
- Chapter 5 - Origination and Underwriting Overview
- Chapter 6 - Loan Purposes
- Chapter 7 - Loan Terms and Conditions
- Chapter 8 - Applicant Characteristics
- Chapter 9 - Income Analysis
- Chapter 10 - Credit Analysis
- Chapter 11 - Ratio Analysis
- Chapter 12 - Property and Appraisal Requirements
- Chapter 13 - Special Property Types
- Chapter 14 - Funding Priorities
- 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**
- **Appendix 3 - Review and Appeals**
- **Appendix 4 - Agency and Employee Addresses**
- **Appendix 5 - Income Limits**
- **Appendix 6 - Interest Assistance**
- **Appendix 7 - Calvis Access Instructions**
- **Appendix 8 - EDI Documentation**
- **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

7



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7 CFR Part 3555

3555.201 Site requirements.

- (a) Rural areas.
- (b) Site standards.

8



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.

9



**Guaranteed Loan Program Technical Handbook
HB-1-3555**

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

10

HB-1-3555

Table of Contents

- Chapter 1 - Overview
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- Chapter 6 - Loan Purposes
- Chapter 7 - Loan Terms and Conditions
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- Chapter 14 - Funding Priorities
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11

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

12



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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

13



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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

14



HB-1-3555: Chapter 12.2 C

Making Loans in Areas Changed to Non-rural:

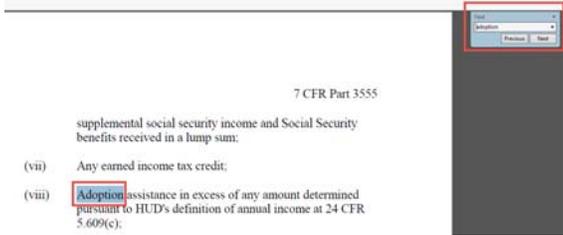
- Complete application already submitted to USDA, awaiting processing
- Conditional Commitment already issued by USDA, pending loan closing
- USDA REO Sales and Transfer and Assumptions
- Supplemental loan made in conjunction with transfer and assumption

15



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);

16



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ONLINE TOOLS

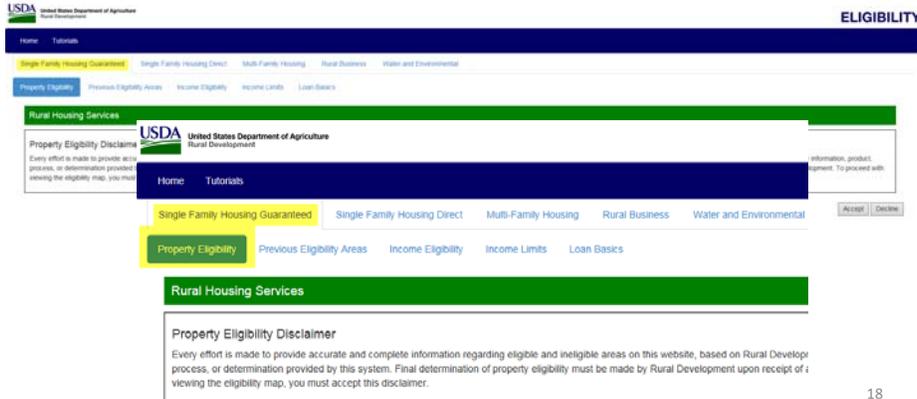
17



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Online: Property and Income Eligibility

<http://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do>



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ELIGIBILITY

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Single Family Housing Guaranteed Single Family Housing Direct Multi-Family Housing Rural Business Water and Environmental

Property Eligibility Previous Eligibility Areas Income Eligibility Income Limits Loan Basics

Rural Housing Services

Property Eligibility Disclaimer
Every effort is made to provide accurate and complete information regarding eligible and ineligible areas on this website, based on Rural Development process, or determination provided by this system. Final determination of property eligibility must be made by Rural Development upon receipt of viewing the eligibility map, you must accept this disclaimer.

Home Tutorials

Single Family Housing Guaranteed Single Family Housing Direct Multi-Family Housing Rural Business Water and Environmental

Property Eligibility Previous Eligibility Areas Income Eligibility Income Limits Loan Basics

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18

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Enter address

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Single Family Housing Guaranteed | Single Family Housing Direct | Multi-Family Housing | Rural Business | Water and Environmental

Property Eligibility | Previous Eligibility Areas | Income Eligibility | Income Limits | Loan Basics

Find Your Address

19

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10

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Eligibility Determination Delivered

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Single Family Housing Guaranteed Single Family Housing Direct Multi-Family Housing Rural Business Water and Environmental

Property Eligibility Previous Eligibility Areas Income Eligibility Income Limits Loan Basics

1100 Oakwood, Marion, IL 62959

1100 Oakwood Ln, Marion, IL 62959
This address IS located in an eligible area.

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Property Determinations:

1. Eligible
2. Ineligible
3. Unable to Determine: Contact USDA State Office for assistance

22

The screenshot shows the USDA Rural Development Eligibility website. At the top left is the USDA logo and 'Rural Development' text. The main heading is 'Change the look of property map display'. Below this is a navigation bar with 'Home' and 'Tutorials'. A search bar contains the address '1100 Oakwood, Harton, IL 62959'. A 'Switch Basemap' dropdown menu is open, showing three options: 'Bing Maps Aerial', 'Bing Maps Hybrid', and 'Bing Maps Road'. The background is a map of the United States.

23

The screenshot shows the same USDA Rural Development Eligibility website. The main heading is 'Helpful Tips:'. Below it is a list of three 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

24



Helpful Tips:

- Enter Latitude and Longitude coordinates of the property using this option:



The screenshot shows the USDA Rural Development website interface. At the top, there is a navigation bar with 'Home' and 'Tutorials' links. Below this, there are three tabs: 'Single Family Housing Guaranteed', 'Single Family Housing Direct', and 'Multi-Family Housing'. Underneath these tabs, there are four buttons: 'Property Eligibility' (highlighted in blue), 'Previous Eligibility Areas', 'Income Eligibility', and 'Income Limits'. At the bottom of the screenshot, there is a search bar labeled 'Find Your Address' with a 'go!' button and a map icon.

25



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

26



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7 CFR PART 3555 / HB-1-3555 LEARNING CHECKS

27



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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

28



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ANSWER SLIDE

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

X. Correct Response

- Additional guidance for clarification may be provided

29



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LET'S GET STARTED.

30



Rural areas

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

A. TRUE B. FALSE

31



Rural areas

ANSWER: 3555.201(a), HB 12.3 B

B. FALSE

- Verify data entered for accuracy
- Contact USDA for assistance

32



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

33



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

34



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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

35



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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

36



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

37



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

38



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

39



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

40



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WAY TO GO!

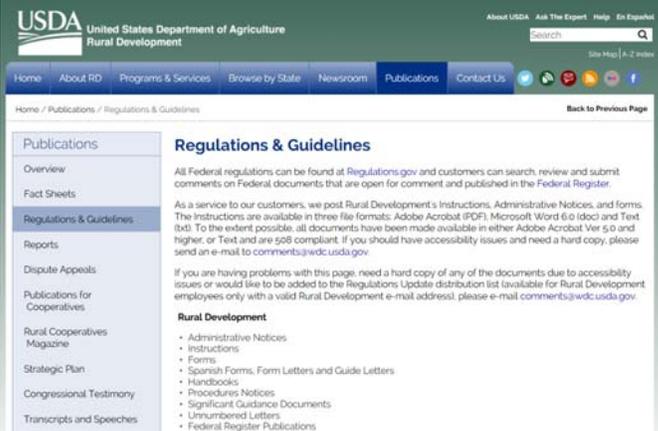
41



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Rural Development

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

42

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43

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44



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45