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
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: 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

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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
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
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
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
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**

- 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

B. FALSE
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

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
W AY
T O  G O!

Regulations
GovDelivery Sign up


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