Welcome to Site Standards, including the topics of well and septic, 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.
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.

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.
Site requirements 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(b) includes the basics for site requirements that pertain the guaranteed loans including:

1. The site size must by typical for the area, this simply means that there are comparable properties that are similar to the subject.

2. Site cannot be income producing: no businesses, farming or livestock operations, etc. A business should be easy to identify. USDA also does not offer lot loans for vacant land that an applicant may wish to purchase in order to later build a home.

3. The buyer must be able to have direct access to the home they wish to purchase. Streets and roads must be all weather with public works maintaining them, or a legally enforceable private agreement in place.

4. The site must also have adequate utilities, water, and wastewater disposal systems. If the site is not served by public utilities, private and community owned systems may be eligible when they met state/county codes. Connection to public utilities may be required when feasible. USDA may require inspections on some systems as applicable.
Guaranteed Loan Program Technical Handbook
HB-1-3555
• Provides guidance to support the regulation
• HB is not the rule
• 20 Chapters
The handbook may be accessed from the Regulations and Guidelines website. Site requirements are located in Chapter 12.
This screen shot displays a portion of the Table of Contents of Chapter 12. This helps the user to locate specific topics more quickly.
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.
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!
Site requirements

- Subject property has 11 acres, non-income producing
- Comparable properties have 12, 8, and 13 acres
- Site is typical for the area

A. TRUE    B. FALSE

Read the question on the slide and select a response.
True
USDA has no maximum acreage limitation, but the site cannot be income producing such as tillable agricultural property, or have active crops on it. The handbook does allow for gardens, even those that may produce a small crop for sale (think hobby not occupation). The appraisal includes properties that have similar acreage. Ultimately the property must be predominately residential in use, design, and character. Farms, businesses, and other commercial properties are easy to spot.
Site requirements

- Dwelling has a private well and septic
- Distance between them meets county code
- Distances between them does not meet current HUD Handbook requirements
- Dwelling is eligible for a guaranteed loan

A. TRUE B. FALSE

Read the question on the slide and select a response.
True
The distances between the well and septic units may meet the state/county requirements OR the current published HUD Handbook distances to meet minimum property requirements.
Site requirements

- Dwelling has a private well
- Water inspection cannot exceed ____ days at the time of loan closing

A. 90    B. 120

Read the question on the slide and select a response.
Response B
Well and septic inspections are valid for 120 days. They must be valid at the time of loan closing. If the lender or borrower is aware of any environmental issues that have occurred to the home/area since the tests were completed, it is the lender’s responsibility to document the current test remains valid or if a replacement inspection is required to ensure occupant safety.
Site requirements

- Dwelling has a private road
- A permanent recorded easement is required

A. TRUE  B. FALSE

Read the question on the slide and select a response.
True
The lender will retain the easement in their permanent loan file. The homeowner must have access to their home.
Road maintenance agreements are not required.
Site requirements
The dwelling below is residential in use, design, and character.

A. TRUE   B. FALSE

Read the question on the slide and select a response.
False
This property is clearly not residential in use, design, or character. It is an agricultural property that is actively producing crops and includes multiple farm service and crop storage units.
Site requirements
The dwelling below is residential in use, design, and character.

A. TRUE  B. FALSE

Read the question on the slide and select a response.
True
This is a single family housing dwelling.
There is no tillable/active crop land included in the parcel.
There is no restriction on a home also having access to buildings that will be used for storage, non-commercial workshop, recreation rooms, etc.
Site requirements
The dwelling below is residential in use, design, and character.

A. TRUE  B. FALSE

Read the question on the slide and select a response.
This is a mixed use dwelling. It may provide a single family resident on the second floor, but the first floor is clearly a business entity that includes a storefront and signage.
Read the question on the slide and select a response.
Site requirements

**ANSWER: 3555.201(b)(2) and HB 12.4**

**B. FALSE**

- Residences are allowed to have garages, storage buildings, non-commercial workshops, etc.
- The presence of these buildings does not indicate the property is ineligible

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False

Residences are allowed to have garages (yes, even in addition to one that may be attached to the dwelling itself), storage buildings, etc. These buildings do not indicate a non-residential structure.
Read the question on the slide and select a response.
True
USDA does not restrict homeowners on owning horses, not having an acceptable building to maintain them.
This building is not an equestrian enterprise. It is built for a small number of horses with a small fenced area. This is not a boarding facility with large riding arena.
Read the question on the slide and select a response.

Site requirements
- SFH dwelling includes pond and 5 acres of wooded land
- The site exceeds 2 acres, therefore it is ineligible

A. TRUE   B. FALSE
Site requirements

**ANSWER: 3555.201(b)(1) and HB 12.4**

**B. FALSE**

- There is no maximum acreage limit
- Land cannot be income producing
- Appraisal must support the property is typical for the area through comparable selections and report narrative if applicable

False
USDA has no maximum acreage limitation.
The land in this scenario is wooded, includes a lake/pond, and is in no way income producing.
The appraisal must support the property is typical for the area with reasonable comparable properties. The appraiser may even need to include a narrative at their discretion.
Site requirements

- SFH dwelling has a private shared well
- The shared well serves two households
- The shared well is eligible

A. TRUE    B. FALSE

Read the question on the slide and select a response.
True

Shared wells are limited to four households.
A recorded agreement/easement must be in place to allow for maintenance and access.
A shut off valve for each home is required.
Site requirements

- SFH dwelling has a well
- The well has a water purification unit
- Acceptable water test is documented by lender
- The well is acceptable

A. TRUE     B. FALSE

Read the question on the slide and select a response.
Site requirements

**ANSWER:** 3555.201(b)(4) and HB 12.6 A

A.  TRUE

- Water purification units are acceptable
- Units must meet state/county codes or requirements
- Acceptable water test retained in lender’s file

True

Water purification units are acceptable when the water is deemed acceptable after passing through it.
The unit must also meet the applicable requirements of the state/county code for this type of treatment.
Way to go! You have completed the learning checks!
Don’t forget the Regulations and Guidelines website is a treasure trove 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!