Site Requirements

Single Family Housing Guaranteed Loan Program (SFHGLP)

November 2020
A look At...

- Site Requirements
- HB-1-3555, Chap 12.4, 12.6 & 12.7
- 7 CFR 3555.201
Acreage

No specific limitations of size/acreage of the site.

Appraiser

Appraiser must provide an explanation to explain any adjustments made to comparable properties.

Comparable

Should have comparable properties in market areas in the appraisal.
Income-Producing Buildings

HB-1-3555, Chapter 12.4

- Working farms
- Mass production greenhouses
- Livestock facilities

- Small producing gardens
- In-home childcare
- Product sales
An Accessory Dwelling Unit (ADU) does not automatically deem the property ineligible.

Agency will defer to the appraiser’s professional review of the property.

The appraiser will determine if the ADU represents a second single family housing dwelling unit.

The appraiser will need to include an evaluation in the site analysis of the appraisal.
Income-Producing Land and Multiple Parcels

HB-1-3555, Chapter 12.4

**Income-Producing Land**

- Site must not have income-producing land.
- Vacant land may not be used primarily for:
  - Agricultural
  - Farming
  - Commercial Enterprise

**Multiple Parcels**

- Entire property will contain only one dwelling.
- Each parcel must be conveyed in its entirety and have same zoning.
- Mortgage must provide valid first lien covering each parcel.
- Parcels divided by a road, that would otherwise be contiguous, are acceptable.
Properties with Solar Panels

HB-1-3555, Chapter 12.4

- **Leases & Contracts** – Will vary by company and should be considered on a case-by-case basis.
- **Lien Position** – First lien position, by the lender, should be protected and maintained.
- **Alternative Source** – Maintain access to an alternative source of electric/gas power that meets community standards.
Properties with Solar Panels

HB-1-3555, Chapter 12.4

• **Energy Company / Lessee** – Should not block any foreclosure or servicing actions.

• **Agreement** – For any energy system lease/PPA could cause restriction upon transfer. This is generally ineligible for the SFHGLP.
Panel Lease Agreement/PPA:

- Should indicate that any damage that occurs as a result of installation, malfunction, defect or removal of is the responsibility of the owner.
- Should indicate that the owner of the solar panel cannot be a loss payee on the homeowner’s insurance policy.
- If includes payment for equipment, it should be considered debt and included in the total debt ratio.

- **Leased solar panels** – Are considered personal property and are not included in the appraised value.
- **PACE** – Properties with “Property Assessed Clean Energy” (PACE) loans or assessments are ineligible for a SFHGLP loan.
Site Specifications: Utilities & Zoning

HB-1-3555, Chapter 12.4

Access

Site must be contiguous to and have direct access to hard surfaced/all weather street, road or driveway.

Utilities

Site must be supported by adequate utilities, water and wastewater disposal systems.

Zoning

Property must comply with applicable zoning restrictions or accepted by the local zoning authority.
Water and Wastewater Disposal Systems

HB-1-3555, Chapter 12.6

**Water**
- Individual Privately Owned
- Individual Privately Owned Shared
- Community Owned
- Required Inspections and Documentation
- Individual Water Systems in Hawaii and the Western Pacific Region

**Wastewater**
- Individual Privately Owned
- Community Owned
- Required Inspections and Documentation
Individual Privately Owned Water System

HB-1-3555, Chapter 12.6(A)(1)

1. WATER QUALITY TESTS
   Must meet the requirements of the state or local authority, or if none, then must meet levels established by the EPA.

2. WATER QUALITY ANALYSIS
   Local health authority or a state certified lab must perform a water quality analysis. The Safe Water Drinking Act does not apply to private wells.

3. WATER ANALYSIS REPORT
   Must be no greater than 150 days old at loan closing. If the Agency is aware of any recent environmental impacts a new report could be required.
Individual Privately Owned Water System (Shared)

HB-1-3555, Chapter 12.6(A)(2)

The well serves properties that cannot feasibly be connected to an acceptable public or community water supply system.

Must have a valve on each dwelling.

Must be adequate for all families served. A shared well must service no more than four living units or properties unless approved and enforced by local authority.

The well must meet requirements of state or local authority. If state or local authority does not have specific requirements, then EPA established levels will apply.

Must be binding upon all signatory parties and successors; will need to be recorded no later than closing date & will include provisions for maintenance and repair of system.
The system and water supply must meet all applicable federal, state and local requirements.

The system must have the capacity to provide sufficient water supply during periods of peak demand.

The system must operate under a legally binding agreement that allows interested third parties to enforce the obligation of the operator to provide satisfactory service.
Are considered eligible for the SFHGLP if the property is located in Hawaii or the Western Pacific Region. Have an available, affordable connection to a public or private community water system. The alternative water supply system, rainwater catchment system must comply with ordinances and regulations of local jurisdiction. Are not required if the state or local authority does not have specific requirements and EPA testing is not available. Reliance on the rain water catchment system must not diminish the marketability or value of the property. The system must be typical for the area. The applicant is required to acknowledge and certify their responsibility to maintain the rain catchment system.
Individual Privately Owned Wastewater System

HB-1-3555, Chapter 12.6(B)(1)

Requirements
- Must meet applicable requirements of state or local health authority.

Capacity
- Must operate properly and have the capacity to dispose of all domestic wastes in a manner that will not endanger public health.

Location
- Must be located on the subject property. If any part of the system is located on an adjacent property evidence of rights to use must be recorded.
Community Owned Wastewater System

HB-1-3555, Chapter 12.6(B)(2)

- **Requirements**: Must meet applicable requirements of state or local health authority.
- **Agreement**: Subject to a legally binding agreement that allows interested 3rd parties enforce obligation of the operator to provide satisfactory service.
- **Capacity**: Is licensed, operating properly and has the capacity to dispose of all domestic waste in a manner that will not create a nuisance or endanger public health.
Access

- Site must be contiguous to and have direct access from a public or private street, road or driveway.
- Private roads or streets are acceptable if each property has vehicular or pedestrian access.
- Private roads or streets must have a permanent recorded easement or be maintained by an HOA.
- Shared driveways must have a permanent recorded easement.
- Evidence of all recorded easements and maintenance agreements must be reviewed, approved and retained.

Maintenance

- Streets and roads must be hard or all weather surfaced.
- A public maintained road will automatically meet eligibility requirements.
- If HOA is responsible for maintaining streets and roads, the agreement must meet the criteria as set forth by Fannie Mae, Freddie Mac, HUD or VA.
7 CFR 3555.201 (b)

(1) Size

(2) Income-Producing

(3) Direct Access

(4) Utilities, Water & Wastewater Systems

§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 §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.

(b) Site standards. Sites must be modest and developed in accordance with any standards imposed by a State or local government and must meet all of the following requirements.

(1) The site size must be typical for the area.

(2) The site must not include income-producing land or buildings to be used principally for income-producing purposes. Vacant land without eligible residential improvements, or property used primarily for agriculture, farming or commercial enterprise is ineligible for a loan guarantee.

(3) The site must be contiguous to and have direct access from a street, road, or driveway. Streets and roads must be hard surfaced or all weather surfaced and legally enforceable arrangements must be in place to ensure that needed maintenance will be provided.

(4) The site must be supported by adequate utilities and water and wastewater disposal systems. Certain water and wastewater systems that are privately-owned may be acceptable if the lender determines that the systems are adequate, safe, compliant with applicable codes and requirements, and the cost or feasibility to connect to a public or community system is not reasonable. Certain community-owned water and wastewater systems may be acceptable if the lender determines that the systems are adequate, safe, and compliance with applicable codes and requirements. The Agency may require inspections on individual, central, or privately-owned and operated water or waste systems.
Lender Toolkit
Navigate through these resources and tools like an expert!

Take the “Program Overview Training”

Available on the USDA LINC:
Have a question on POLICY?

Contact the PAC team!

Need TRAINING?

Contact the LPA team!

Have a question on a SPECIFIC FILE?

Contact the OPD!

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**Single Family Housing Guaranteed Loan Program (SFHGLP)**

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<th>CONTACT</th>
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<td><strong>File-Specific Questions</strong></td>
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<td>Information to include in email:</td>
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<td>- Identify the state the application is located in, if applicable;</td>
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<td>- Provide applicant’s name and USDA borrower ID, if applicable;</td>
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<td>- GUS loan number, if applicable;</td>
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<td>- Include contact information; and</td>
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<td>- Indicate how you would like a call back (otherwise you will receive an email reply).</td>
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<td>Lender Website—Turn times, contact information, and helpful links: <a href="https://www.rd.usda.gov/programs/loans-guaranteed-loans">https://www.rd.usda.gov/programs/loans-guaranteed-loans</a></td>
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<td>USDA EWC—Training modules, user guides, and more useful resources: <a href="https://www.rd.usda.gov/programs/services/lenk">https://www.rd.usda.gov/programs/services/lenk</a> Risk/guides-training-resource-library</td>
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<td>GovDelivery—Receive notifications regarding origination, servicing, and GUS updates: <a href="https://mobile.govdelivery.com/accounts/USDA333/subscribe/new">https://mobile.govdelivery.com/accounts/USDA333/subscribe/new</a></td>
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Monitor posted turn times daily

Don’t forget to sign up for GovDelivery updates

https://www.rd.usda.gov/page/sfh-guaranteed-lender

SFH Guaranteed Lender

COVID-19

An Important notice for servicers with loans insured or guaranteed by the Rural Housing Service CARES Act Forbearance Fact Sheet for Mortgaged Servicers

Loan Status

We are currently reviewing new loan applications and conditions received on or before 06/19/2020

Subscribe to Notifications

Critical program information such as policy updates, funding status, and automation changes are sent by email through GovDelivery Sign Up to Receive Critical Updates

Overview

On February 16, 2020 we integrated the Guaranteed Loan Program into a single integrated national team! For more information, please reference our Integration Information sheet.

USDA Rural Development’s Guaranteed Loan Program assists approved lenders in providing up to 100% financing for eligible borrowers (households that do not exceed 115% of the Median Household Income) purchasing homes in eligible rural areas. Automated underwriting assistance through GUS (Guaranteed Underwriting System) allows for expanded ratios and flexible credit.

We now have Single Close Construction-to-Permanent Financial & single-close loan combines the features of a