New Construction

Single Family Housing Guaranteed Loan Program (SFHGLP)

December 2020
BUILD
the
AMERICAN DREAM
and
YOUR BUSINESS
with
LITTLE RISK
New Construction Requirements

7 CFR 3555.202(a) and HB-1-3555, Chapter 12.9 B

1. Must be constructed in accordance with certified plans and specifications.

2. Meet or exceed the International Energy Conservation Code (IECC) in effect at time of construction.

3. Lender must retain evidence of construction costs, inspection reports, certifications and warranties acceptable to Rural Development.
Evidence of Plans and Specifications

7 CFR 3555.202(a) and HB-1-3555, Chapter 12.9 B

Acceptable evidence of Plans and Specifications include one of the following:

1) Certification form a qualified individual or organization (RD Form 1924-25 is acceptable for this purpose), OR

2) Certificate of Occupancy from local jurisdiction, OR

3) Building Permit from local jurisdiction
Evidence of Construction Inspections

Acceptable evidence of Construction Inspections may be documented by one of three options:

1) Certification of Occupancy, plus 3 construction inspections, and 1-year builder’s warranty; OR

2) 3 construction inspections, including final inspection and 1-year builder’s warranty; OR

3) Final Inspection and 10-year insured builder’s warranty.
Evidence of Thermal Standards

7 CFR 3555.202(a) and HB-1-3555, Chapter 12.9 B

- Evidence may include:
  - Plans and Specs
  - Final Inspection, or
  - Certificate of Occupancy

- Builder, qualified architect, or engineer may also certify IECC standards.

![International Energy Conservation Code Adoption Map](image)
Responsibility - New Construction

7 CFR 3555.202(a) and HB-1-3555, Chapter 12.9 B

LENDER

Responsible for review and retention of all required construction documentation.

AGENCY

Responsible for monitoring the lender’s compliance with program requirements.
LEARNING CHECKS

7 CFR Part 3555 / HB-1-3555
• Question will be bulleted with scenario, or
• Include a statement/question

TRUE/FALSE or other answer options will be displayed
7 CFR Part 3555 and HB-1-3555 references provided

X. Correct Response

• Additional guidance for clarification provided
Let's get started!
The lender obtained the following documentation for a new construction dwelling. This property is eligible for guarantee.

1. 3 construction inspections, including evidence the dwelling has been built to eligible codes and thermal standards.

2. One-year builder’s warranty.

A. TRUE  B. FALSE
3555.202(a), HB 12.9 B

A. TRUE

- Required evidence must meet 3555.202(a) and HB 12.9 B and the lender must retain all documents in their permanent loan file.
• The Certificate of Occupancy for the subject property is dated May 2019.
• The purchase contract is dated June 2020.
• This dwelling is considered new construction.

A. TRUE       B. FALSE
ANSWER

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3555.202(a), HB 12.9 A

B. FALSE

- The dwelling has been completed for over 12 months; therefore, this home is considered an existing dwelling and must meet HUD Handbook Minimum Property Requirements.
• A final inspection and a 10-year insured builder warranty are acceptable to document evidence of construction inspections.

A. TRUE       B. FALSE
A. TRUE

- A final construction inspection along with an insured 10-year builder’s warranty is sufficient evidence to document the dwelling’s construction inspections.
The following documentation has been obtained in regard to the dwelling’s construction.

- One construction inspection
- A one-year builder’s warranty

This dwelling is ineligible for guarantee.

A. TRUE    B. FALSE
ANSWER

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3555.202(a), HB 12.9 B

B. FALSE

• New construction homes without required construction documentation are limited to a loan-to-value of 90%.
Which of the following may certify plans and specifications for a new dwelling?

A. Licensed architect
B. Professional engineer
C. Local authorized building official
D. All of the above
D. All of the Above

- Licensed architects, professional engineers, and local authorized building officials are acceptable plan certifiers.
The appraiser certifies that the subject property, completed less than 12 months ago, meets HUD Minimum Property Requirements per HUD Handbook 4000.1.

This certification is acceptable in lieu of inspection requirements as outlined in HB-1-3555, Chapter 12.9 B.

A. TRUE  B. FALSE
3555.202(a), HB 12.9 B

B. FALSE

• Existing dwellings must meet HUD Handbook minimum property requirements.
• New construction dwellings must meet the requirements and be documented as outlined in HB-1-3555, Chapter 12.9 B.
The Agency may request construction documentation that is not required to be submitted under program guidelines in the following situations:

A. The Agency is performing a review of a newly approved lender.
B. A loss claim request is being reviewed by the Agency.
C. The Agency is conducting a periodic lender compliance review.
D. All of the above.
3555.202(a), HB 12.9 B

D. All of the Above

- The Agency does not require the lender to routinely submit documentation not required under program guidelines but may request documents when appropriate.
Way to Go!
LEARNING CHECK COMPLETED!
Lender Toolkit
### Single Family Housing Guaranteed Loan Program (SFHGLP)

**Contacts & Resources**

<table>
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<tr>
<th>TOPIC</th>
<th>CONTACT</th>
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| File-Specific Questions | Production Team One: SFHGLPONE@usda.gov  
AK, AL, AZ, CA, CO, CT, DC, DE, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, ME, MI, MN, MO, MS, MT, NJ, NM, NY, ND, OH, OK, OR, PA, PR, RI, SC, SD, TN, TX, UT, VA, WI, WV, WY  
Production Team Two: SFHGLPTWO@usda.gov  
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| Loan Servicing | SFHGLPServicing@usda.gov |
| Technical Issues: GUS | RDHDE@USDA.GOV |
| General Loan Scenario Questions | SFHGLPprogram@usda.gov |
| Lender Approval/Recertification | SFHGLPcompliance@usda.gov |
| Lender Self Report | SFHGLPcompliance@usda.gov |
| Training | SFHGLPTraining@usda.gov |
| Program Marketing & Outreach | SFHGLPTraining@usda.gov |
| Program Training | SFHGLPTraining@usda.gov |
| General Loan Scenario Questions | SFHGLPprogram@usda.gov |
| Loss Claims | guarantee@woth.usda.gov |
| Monthly & Quarterly Status Reporting | SFHGLPservicing@usda.gov |
| GUS User Agreements | SFHGLPservicing@usda.gov |

### Tools & Resources

- Lender Webpage—Turn key, contact information, and helpful links: [https://www.rural.usda.gov/programs/rural-development](https://www.rural.usda.gov/programs/rural-development)
- GovDelivery—Receive notifications regarding origination, servicing, and GUS updates: [https://www.govdelivery.com/accounts/USDAGOV1/subscriptions/new](https://www.govdelivery.com/accounts/USDAGOV1/subscriptions/new)