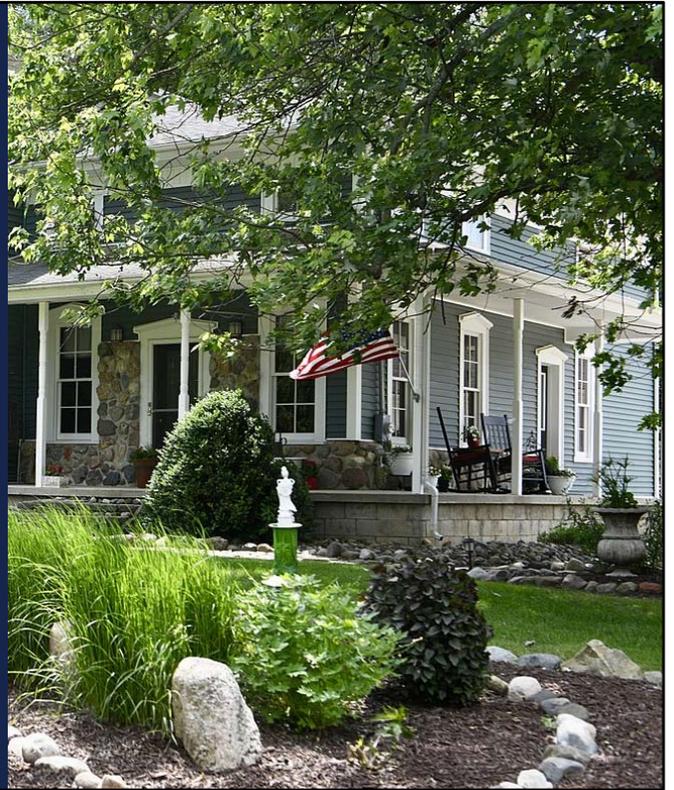


Site Requirements

Single Family Housing Guaranteed Loan Program
(SFHGLP)



November 2020



Welcome to the Site Requirements training module presented by USDA's Single Family Housing Guaranteed Loan Program.



A Look At...



Site Requirements



HB-1-3555, Ch.
12.4, 12.6 & 12.7

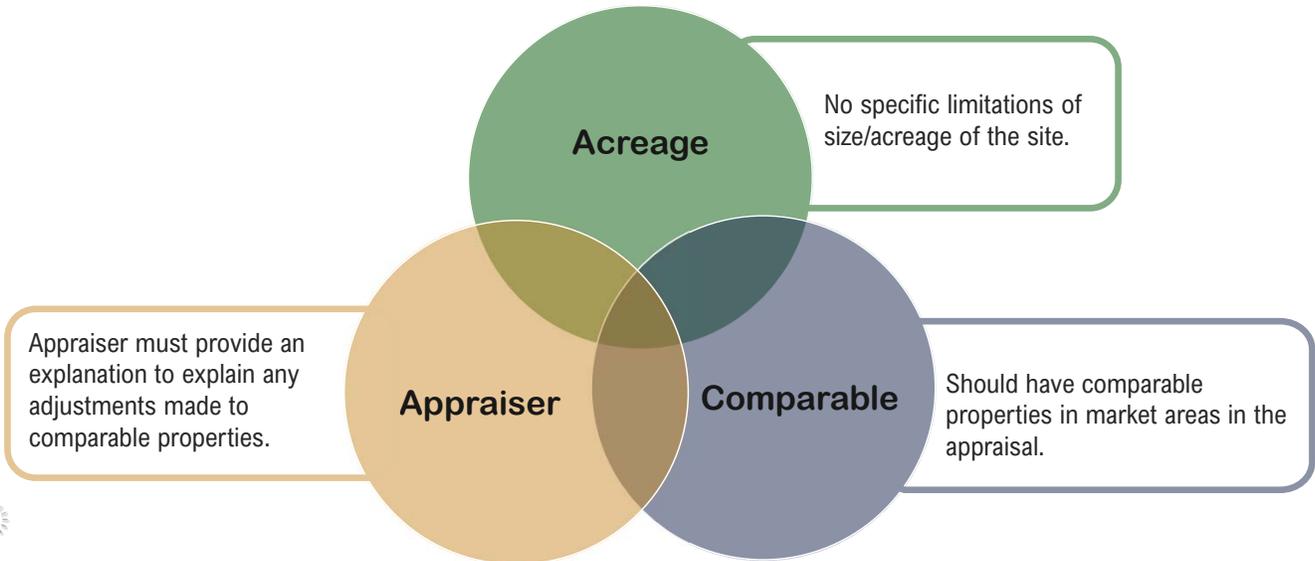


7 CFR 3555.201

While the basic outline of a qualified property is that it must be predominately residential in use, character, and design, lenders are also responsible for ensuring that all program site requirements are met at the time of application.

Site Size

HB-1-3555, Chapter 12.4



Although there are no specific size or acreage limitations, it is important to note that the appraiser should provide similar comparable sales to the subject property and note any adjustments made for site size or acreage within the addendum to explain how the subject property compares to others in the area.

Income-Producing Buildings

HB-1-3555, Chapter 12.4



- Working farms
- Mass production greenhouses
- Livestock facilities



- Small producing gardens
- In-home childcare
- Product sales

Eligible properties must not include buildings that are primarily used for income-producing purposes. Properties such as working, income-producing farms with silos, barns, commercial greenhouses or livestock facilities are not eligible. However, properties that include similar buildings that are used for storage but do not produce income are eligible. Home-based operations such as childcare, product sales and craft production that do not require specific commercial real estate features are not restricted.

Accessory Dwelling Unit

HB-1-3555, Chapter 12.4

➤ 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.

The presence of an ADU does not automatically deem the property ineligible.

The Agency will rely on the professional opinion of the appraiser who will need to review the property and provide an expert opinion as to whether the ADU represents a second single family housing dwelling unit.

The appraiser will need to include their evaluation of the property in the site analysis section of the appraisal report.

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 must be contiguous unless divided by a road and the remaining parcel cannot be developed.



Income-producing land is prohibited.

Vacant land may not be used primarily for agricultural, farming and commercial enterprise. Multiple parcels must have valid first lien covering each parcel and, each parcel must be conveyed in its entirety with the same zoning. The entire property must contain only one dwelling, but may have additional non-residential, non-income-producing buildings. Parcels must be contiguous unless divided by a road and the remaining parcel cannot be developed.

Properties with Solar Panels

HB-1-3555, Chapter 12.4

1 LEASES & CONTRACTS
Will vary by company and should be considered in a case by case basis.

2 LIEN POSITION
First lien position, by the lender, should be protected and maintained.

3 ALTERNATIVE SOURCE
Maintain access to an alternative source of electric/gas power that meets community standards.

4 ENERGY CO./LESSEE
Should not block any foreclosure or servicing actions.

5 AGREEMENT
For an energy system lease/PPA could cause restriction upon transfer. This is generally ineligible for the SFHGLP.



Dwellings with solar panels are not considered an income producing property. If the property owner (seller) is the owner of the solar panels and the panels will be included as part of the purchase transaction then standard eligibility requirements apply. However, if the solar panels are subject to a lease agreement, power purchase agreement (PPA) or similar type of agreement, then there are several requirements that will apply. The following slide will provide a brief overview of the requirements should the solar panels be subject to a lease or PPA agreement.

Properties with Solar Panels

HB-1-3555, Chapter 12.4

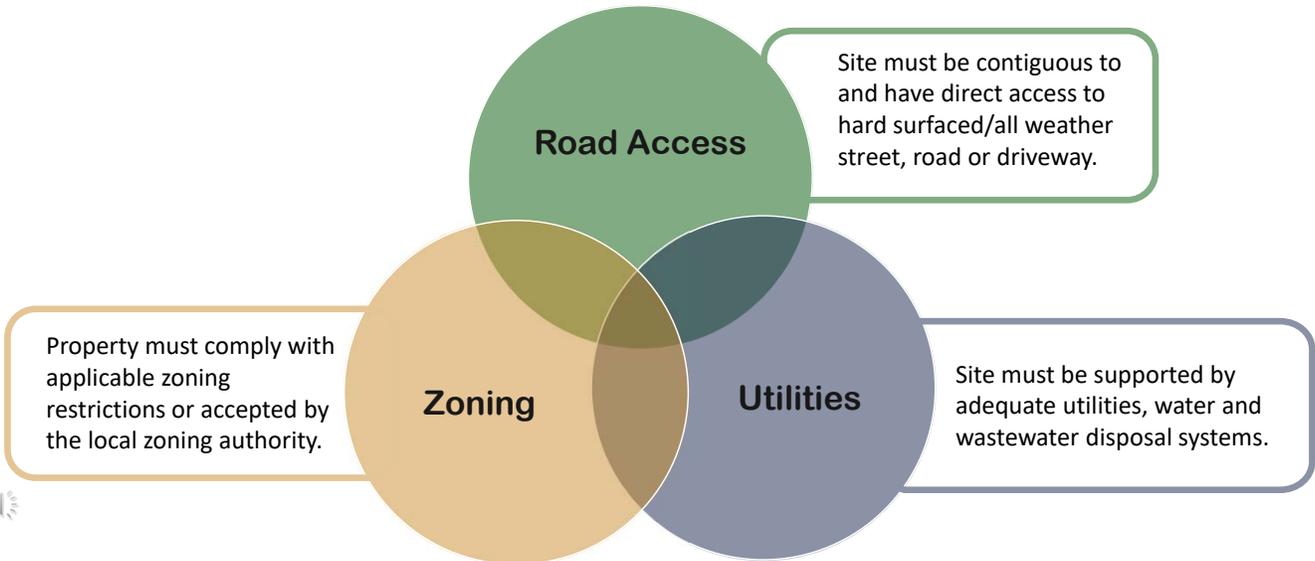
- 1 LEASE AGREEMENT/PPA**
Should indicate that any damage that occurs as a result of installation, malfunction, defect or removal of is the responsibility of the owner.
- 2 LEASE AGREEMENT/PPA**
Should indicate that the owner of the solar panels cannot be a loss payee on the homeowner's insurance policy.
- 3 LEASE AGREEMENT/PPA**
If includes payment for equipment it should be considered debt and included in the total debt ratio.
- 4 LEASED SOLAR PANELS**
Are considered personal property and are not included in the appraised value.
- 5 PACE**
Properties with Property Assessed Clean Energy (PACE) loans or assessments are ineligible for a SFHGLP loan.

Properties with an energy system lease or PPA could cause restriction upon transfer of the house and the property could be subject to impermissible legal restrictions which could make the property ineligible.

Special attention should be given to those properties that have a current lease agreement or PPA intact.

Site Specifications: Utilities & Zoning

HB-1-3555, Chapter 12.4



Sites must have direct access to roads, be supported by adequate utilities, and comply with zoning restrictions. Detailed guidance can be found in Chapter 12.4 of HB-1-3555.

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



All sites must have acceptable water and wastewater systems to ensure the property is decent, safe, and sanitary.

- Public water and wastewater systems are presumed to meet state and local requirements with no additional documentation or inspections needed.
- Private well and wastewater systems that meet the requirements of HUD or local and/or state health authorities do not require additional inspections other than water purity tests.

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 water systems are owned and maintained by the homeowner and subject to compliance with all requirements of the local and/or State Health Authority codes or HUD 4000.1 guidelines. The distance between well and septic must also meet these guidelines. Individual water systems should be located on the subject property site. If located on an adjacent property, evidence of water rights and recorded maintenance agreement must be retained in the lender's permanent loan file.

Individual Privately Owned Water System (Shared)

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

1

USER BASE

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

2

SHARED WELL

Must have a valve on each dwelling.

3

WATER SUPPLY

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

4

WATER QUALITY

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.

5

AGREEMENT

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.

Certain requirements and limitations apply for the eligibility of shared wells such as: if the property is served by a shared well or off-site facility, the lender must ensure the private system will provide a continuous and adequate supply of safe and potable water.

Community Owned Water System

HB-1-3555, Chapter 12.6(A)(3)

- 1 REQUIREMENTS**
The system and water supply must meet all applicable federal, state and local requirements.
- 2 CAPACITY**
The system must have the capacity to provide sufficient water supply during periods of peak demand.
- 3 AGREEMENT**
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.



If the property is served by a community water system operated by a private corporation or nonprofit property owner's association, the lender must ensure the conditions noted above are met.

Individual Water Systems in Hawaii and the Western Pacific Region

HB-1-3555, Chapter 12.6(A)(5)

1

INDIVIDUAL WATER SYSTEMS

Are considered eligible for the SFHGLP if the property is located in Hawaii or the Western Pacific Region

2

NO ALTERNATIVE OPTIONS

Have an available, affordable connection to a public or private community water system.

3

LOCAL JURISDICTION

The alternative water supply system, rainwater catchment system must comply with ordinances and regulations of local jurisdiction.

4

WATER QUALITY TESTS

Are not required if the state or local authority does not have specific requirements and EPA testing is not available.

5

MARKETABILITY

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.

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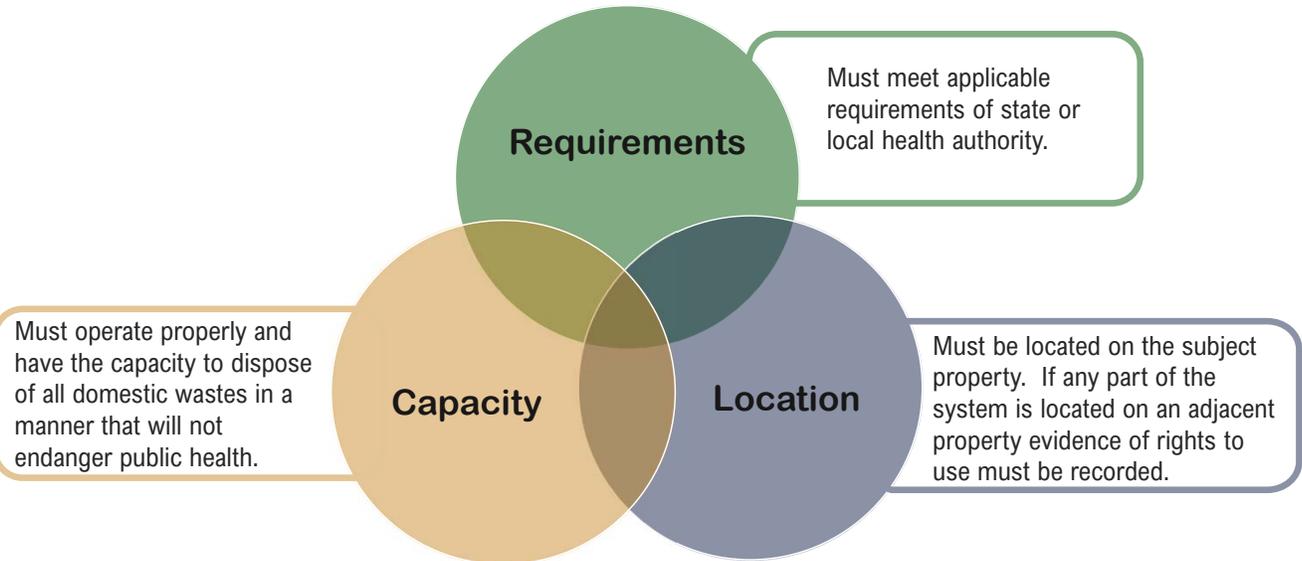
RESPONSIBILITY

The applicant is required to acknowledge and certify their responsibility to maintain the rain catchment system.

Due to limited regulation provided by local ordinances and regulations of each jurisdiction in Hawaii and the Western Pacific Region regarding individual water systems including rain water catchment systems, the Agency has determined that an IWS is considered an eligible water system if the specific requirements listed on this slide can be met.

Individual Privately Owned Wastewater System

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

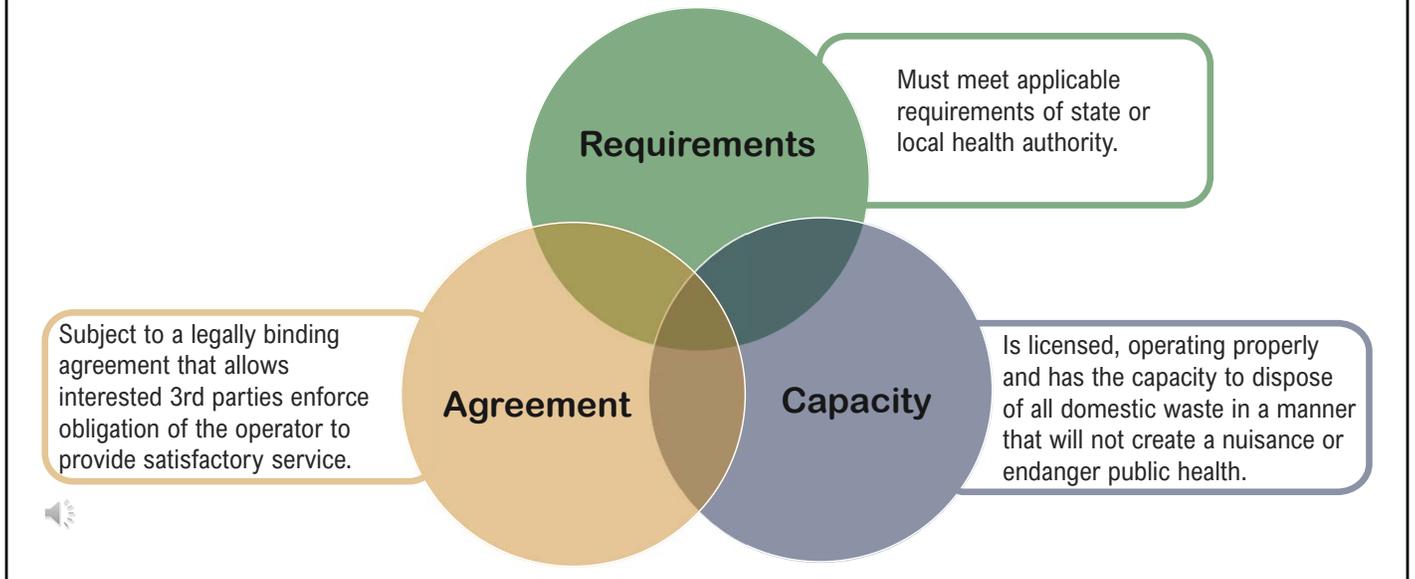


Existing dwellings appraised by a HUD roster appraiser who indicates that the dwelling meets the required HUD handbook policy does not require further septic certification. When a septic evaluation is required, it must be performed by an FHA roster appraiser, government health authority, licensed septic system professional, or qualified home inspector.

The system must be free of observable evidence of failure.

Community Owned Wastewater System

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



If the property is served by a community wastewater system operated by a private corporation or nonprofit property owner’s association, the lender must ensure that the system meets Agency requirements.

The lender must obtain documentation the system meets state and/or local standards and retain all documentation and inspections in the permanent loan file.

Street Access and Road Maintenance

HB-1-3555, Chapter 12.7



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 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



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.

Additionally, Subpart E of 7 CFR 3555.201(b), provides guidance on all site requirements for the SFHGLP.

Lender Toolkit



Rural Development has developed numerous tools and resources to assist lenders with originating, processing, and servicing guaranteed loans.

- This training module has provided you with an overview of the key requirements of Site Requirements.
- Complete program requirements and guidance on this topic can be found in 7 CFR Part 3555, Subpart E, Section 3555.201, and Chapter 12 of HB-1-3555.
- Be sure to bookmark these references, save yourself valuable time by using Cntrl-F to quickly search and find answers, and always ensure you are referencing the most current publications.
- The “Program Overview Training” module will assist you in learning how to navigate through all the resources and tools Rural Development has created to assist you.

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!

Single Family Housing Guaranteed Loan Program (SFHGLP)
Contacts & Resources

TOPIC	CONTACT
File-Specific Questions Information to include in email: <ul style="list-style-type: none"> Identify the state the application is located, if applicable; Provide applicant's name and USDA borrower ID, if applicable; GUS loan number, if applicable Include contact information; and Indicate if you would like a call back (otherwise you will receive an email reply) 	Production Team One: SFHGLPONE@usda.gov AK, AL, AZ, CA, CO, GU, HI, IA, ID, KS, MT, NM, NV, OR, SD, TX, UT, WA, WI, WY, WY Production Team Two: SFHGLPTWO@usda.gov AR, KY, LA, MN, MO, MS, ND, NE, NJ, NY, OK Production Team Three: SFHGLPTHREE@usda.gov CT, DE, GA, IL, MA, MD, ME, MI, NC, NH, RI, SC, VT, WV Production Team Four: SFHGLPFOUR@usda.gov FL, IN, OH, PA, PR, TN, VA, VI
Lender Approval	sfhqld.compliance@usda.gov
Lender Recertification	sfhqld.compliance@usda.gov
Program Training	sfhqld.lenderpartner@usda.gov
Program Marketing & Outreach	sfhqld.lenderpartner@usda.gov
General Loan Scenario Questions	sfhqld.program@usda.gov
Loan Policy/Regulation/Handbook	sfhqld.program@usda.gov
Loan Servicing	sfhqld.servicing@usda.gov
Technical Issues: e-Authentication	eAuthHelpDesk@ftc.usda.gov 800-457-3642, option 1 (USDA e-Authentication issues)
Technical Issues: GUS	RD.HD@STL.USDA.GOV 800-457-3642, option 2 (USDA Applications); then option 2 (Rural Development)
Loss Claims	guarantee.svc@stl.usda.gov
Monthly & Quarterly Status Reporting	rd.nfac.hsb@stl.usda.gov
GUS User Agreements	rd.nfac.hsb@stl.usda.gov
TOOLS & RESOURCES	
Regulation and Handbook: https://www.rd.usda.gov/resources/directives Lender Webpage—Turn times, contact information, and helpful links: https://www.rd.usda.gov/page/sfh-guaranteed-lender USDA LINC—Training modules, user guides, and more useful resources: https://www.rd.usda.gov/programs-services/lenders/usda-linc-training-resource-library GovDelivery—Receive notifications regarding origination, servicing, and GUS updates: https://public.govdelivery.com/accounts/USDARD/subscribe/new	

- Users should first look for answers to their questions in the regulation and handbook, but if you still have a question after reviewing your resources, we're here to help.
- All policy and regulation questions regarding the topic we just covered should be sent to our Policy, Analysis, and Communications Branch and
- If you would like to request additional program training, contact our Lender and Partner Activities Branch.

The Single Family Housing Guaranteed Lender webpage was specifically designed for our lending partners and includes information such as:

- Current turn times on new loan applications
- Contact information, and
- Links to program resources such as our 3555 Handbook and the [USDA LINC](#) website.
- Also, don't forget to sign up for our GovDelivery email notifications. Rural Development sends out origination, 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 and America's rural homebuyers!



www.rd.usda.gov

1 (800) 800-670-6553

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This will conclude the training module. Thank you and have a great day!