



UNITED STATES
DEPARTMENT OF
AGRICULTURE

RURAL
DEVELOPMENT

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SFH SECTION

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Rural Development TX AN No. 560 (3550)
December 21, 2001

SUBJECT: Survey Requirements for Section 502 Loans

TO: All Offices
USDA Rural Development, Texas

PURPOSE/INTENDED OUTCOME: This Administrative Notice (AN) is intended to clarify USDA Rural Development requirements for surveys.

COMPARISON WITH PREVIOUS AN: This AN replaces Texas AN No. 399 (1944) which expired on September 30, 1994.

IMPLEMENTATION RESPONSIBILITIES: Rural Development Managers (RDM) and Community Development Specialists will take appropriate action to insure that USDA Rural Development is adequately secured and the requirements of HB-1-3550 5.7 C are followed.

Surveys will be required in the following cases:

1. A survey is required for any property that is currently not financed by the Agency. The Loan Originator must review a survey to ensure that all existing and proposed structures are or will be located on the site. In addition, for loan closing, title insurance must contain survey coverage. Therefore, the Loan Originators should ensure that any new or existing survey meet the requirements of the title company. An existing survey may be used if it meets the requirements of the title insurance.
2. New construction, "prior to" and "after" construction (this cost may be included in the contractor's bid and contract). We recommend obtaining a single survey with the requirement that it is to be updated after completion of construction to include all improvements. The cost of the survey(s) may be paid from loan funds as stated in HB-1-3550, 7.4 C.

EXPIRATION DATE:
November 30, 2002

FILING INSTRUCTIONS:
HB-1-3550
State Supplements

3. When a new survey is needed, it must contain boundary lines, any improvements, encroachments on the subject or adjacent property, above ground easements, setbacks imposed by either restrictive covenant or zoning, and any additional requirements needed to obtain title insurance. For new construction, the boundary corners must also be clearly marked.
4. Prior to the disposal of Real Estate Owned (REO) property by credit sale, unless there has an existing survey in the case file. An existing survey may only be used if it meets the requirements of the title insurance. If there is any doubt as to the property lines, a survey will be needed.
5. Prior to any transfer and assumption, unless there is an existing survey in the file. An existing survey may only be used, if it meets the requirements of the title insurance. If there is any doubt as to the property lines, a survey will be needed.

FEMA Form 81-31, "Elevation Certificates", are required on any property located in a Special Flood Hazard Area as indicated on FEMA Form 81-93, "Standard Flood Hazard Determination," form provided by TransUnion Flood Compliance Services. The Elevation Certificate must be ordered from the surveyor at the same time as the survey.

If you have any questions, call the Single Family Housing section at (254) 742-9770.

/S/ Bryan Daniel

BRYAN DANIEL
State Director