

# USDA Single Family Housing Guaranteed Loan Program

## Income and Asset

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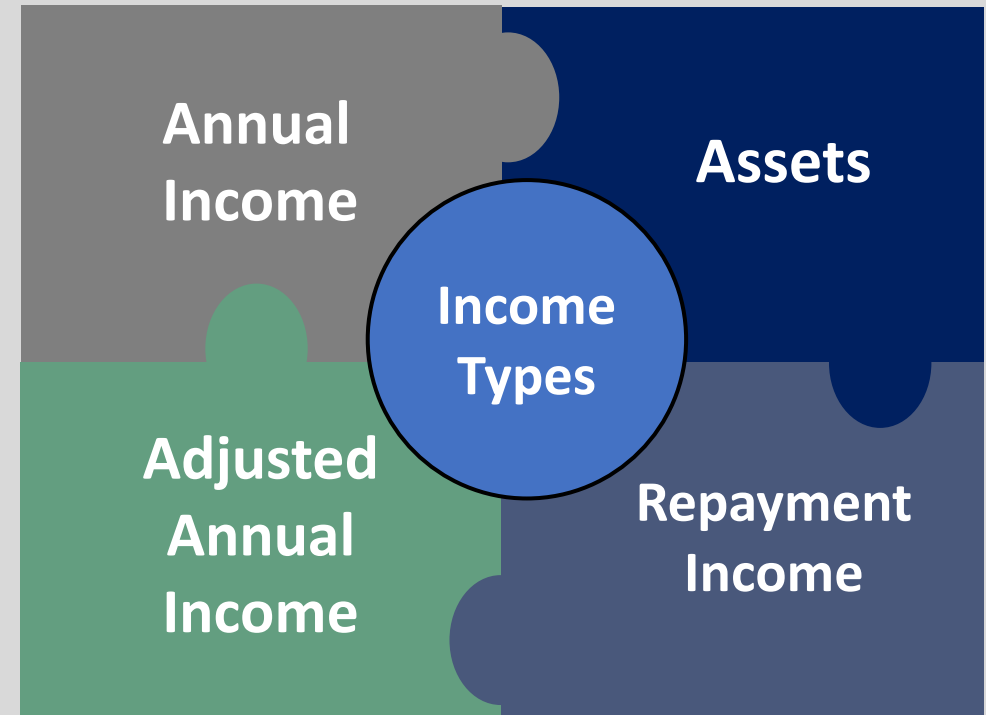




# TYPES OF INCOME

- 1 Annual Income
- 2 Adjusted Annual Income
- 3 Repayment Income
- 4 Assets
- 5 Q&A

AGENDA



# Types of Income

Annual  
Income

Income of all adult household members, not just parties to the note.

Adjusted  
Annual  
Income

Annual income minus certain qualified household deductions.

Repayment  
Income

Stable and dependable income used to calculate debt ratios.

# USDA Eligibility Site

<https://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do>

The screenshot shows the top navigation area of the USDA Eligibility Site. At the top left is the USDA logo with the text "United States Department of Agriculture Rural Development". Below this is a dark blue navigation bar with "Home" and "Tutorials" in white. A light blue horizontal bar contains several menu items: "Single Family Housing Guaranteed" (highlighted in yellow and circled in blue), "Single Family Housing Direct", "Multi-Family Housing", "Rural Business", and "OneRD Guarantee Loan". Below this bar are three columns of text: "Water and Environmental Guaranteed (Part of the OneRd Guarantee Loan Initiative)", "Water and Environmental Direct", and "Community Facilities Guaranteed (Part of the OneRd Guarantee Loan Initiative)". A second light blue bar contains "Property Eligibility", "Previous Eligibility Areas", "Income Eligibility" (highlighted in blue and circled in blue), "Income Limits" (highlighted in yellow and circled in blue), and "Loan Basics". Below the navigation is a green header for "Single Family Housing Income Eligibility". The main content area has a blue header for "Property Location" and a form with a "State:" label and a dropdown menu showing "Please pick a state below" with a downward arrow.

**UPDATE**

Updated  
income limits  
just released  
on July 13,  
2023!

# USDA Eligibility Site

Property Eligibility

Previous Eligibility Areas

**Income Eligibility**

Income Limits

Loan Basics

1

## Single Family Housing Income Eligibility

### Property Location

**State:** Alabama

**County:** Blount County

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### Household Members Information

Number of People in Household :  ?

(Include all persons living in the household except foster adults and foster children.)

Number of Residents Under 18 Years Old, Disabled or Full Time Students :  ?

(Do not include the applicant, spouse, or co-applicant.)

Is Loan Applicant or Co-Applicant age 62 or older? :  ?

Are there any Disabled Persons Living in the Household? :  ?

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# USDA Eligibility Site

## Expenses and Deductions

Annual Child Care Expenses :



3

## Gross Monthly Income

|   | Applicant                         | Other Household Member           |
|---|-----------------------------------|----------------------------------|
| Base Employment Income  | <input type="text" value="3000"/> | <input type="text" value="0"/> ? |
| Overtime Income   | <input type="text" value="0"/>    | <input type="text" value="0"/> ? |
| Bonus Income  | <input type="text" value="0"/>    | <input type="text" value="0"/> ? |
| Commission Income   | <input type="text" value="0"/>    | <input type="text" value="0"/> ? |
| Self-Employment Income  | <input type="text" value="0"/>    | <input type="text" value="0"/> ? |
| Dividend/Interest Income                                      | <input type="text" value="0"/>    | <input type="text" value="0"/> ? |
| Net Rental Income   | <input type="text" value="0"/>    | <input type="text" value="0"/> ? |
| Other Income  | <input type="text" value="0"/>    | <input type="text" value="0"/> ? |
| All Other Income Received by Adult Members of the Household : | <input type="text"/> ?            |                                  |

(See help for further explanation)

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# USDA Eligibility Site

## Single Family Housing Program ~ Income Eligibility Determination Summary

Applicant **meets the income limits** for the Section 502 Guaranteed Rural Housing Loan Program based on income entered and Program Income Guidelines in effect as of 01-04-2024. (Applicant must show repayment ability, have a reasonable credit history for the loan requested, and must meet other program requirements.)

[Click Here](#) for further details on the Guaranteed Loan Program.

[Click here](#) to complete a self-assessment for the Direct Loan Program.

Contact an [Approved Program Lender](#) to apply or ask more detailed questions.

Please keep in mind the Direct Loan Program self-assessment tool considers general household composition, monthly income, monthly debts, property location, estimated property taxes, and estimated hazard insurance; therefore, results may vary from this determination.

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### Summary of Adjusted Annual Household Income

|                                    |             |
|------------------------------------|-------------|
| Annual Household Income :          | \$36,000.00 |
| Total Deductions :                 | \$2,960.00  |
| Household Adjusted Annual Income : | \$33,040.00 |

### Section 502 Guaranteed Rural Housing Loan Program

|   |              |
|---|--------------|
| Maximum Adjusted Household Income for Selected State and County : | \$110,650.00 |
|---|--------------|

### Section 502 Direct Rural Housing Loan Program

|   |             |
|---|-------------|
| Maximum Adjusted Household Income for Selected State and County : | \$71,850.00 |
|---|-------------|

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# USDA Eligibility Site

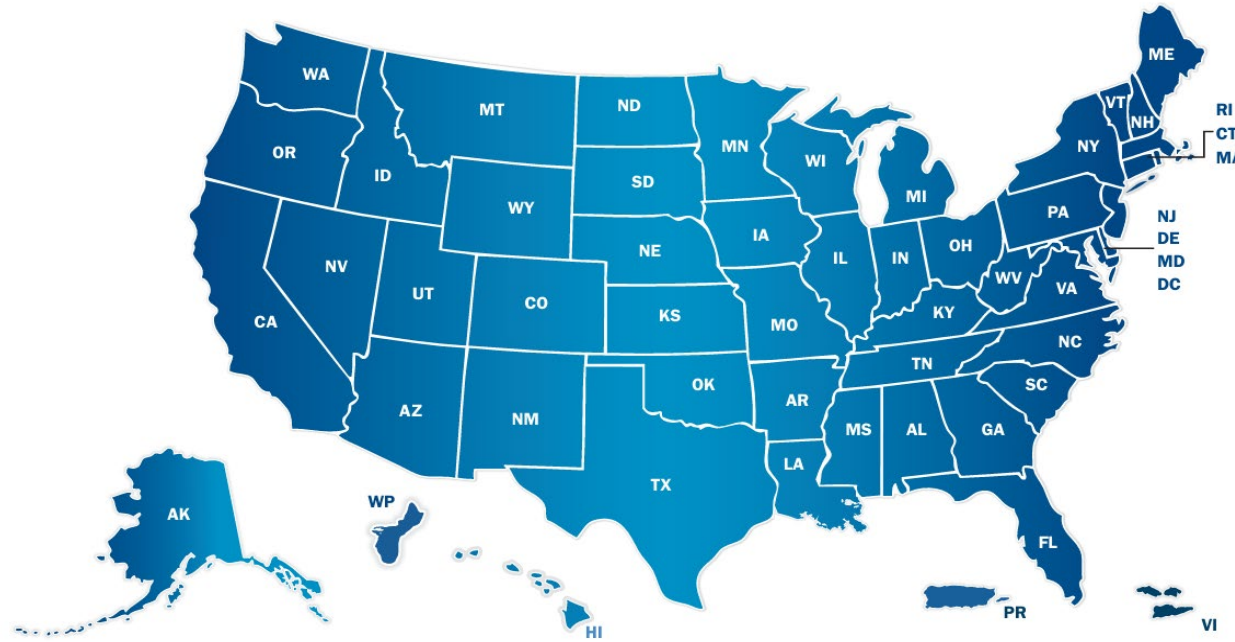


United States Department of Agriculture

Select a state to see the income limits for the counties in that state.

[Click Here for MSA Definitions](#)

## Rural Development Single Family Housing Guaranteed Loan Program



| STATE:ALABAMA                            | FY 2023 ADJUSTED INCOME LIMITS |          |          |          |          |          |          |           |
|--|--------------------------------|----------|----------|----------|----------|----------|----------|-----------|
| PROGRAM                                  | 1 PERSON                       | 2 PERSON | 3 PERSON | 4 PERSON | 5 PERSON | 6 PERSON | 7 PERSON | 8 PERSON* |
| Anniston-Oxford-Jacksonville, AL MSA     |                                |          |          |          |          |          |          |           |
| VERY LOW INCOME                          | 36400                          | 36400    | 36400    | 36400    | 48050    | 48050    | 48050    | 48050     |
| LOW INCOME                               | 58250                          | 58250    | 58250    | 58250    | 76900    | 76900    | 76900    | 76900     |
| MOD. INC-GUAR. LOAN                      | 110650                         | 110650   | 110650   | 110650   | 146050   | 146050   | 146050   | 146050    |
| Auburn-Opelika, AL MSA                   |                                |          |          |          |          |          |          |           |
| VERY LOW INCOME                          | 43600                          | 43600    | 43600    | 43600    | 57600    | 57600    | 57600    | 57600     |
| LOW INCOME                               | 69750                          | 69750    | 69750    | 69750    | 92050    | 92050    | 92050    | 92050     |
| MOD. INC-GUAR. LOAN                      | 110650                         | 110650   | 110650   | 110650   | 146050   | 146050   | 146050   | 146050    |
| Birmingham-Hoover, AL MSA                |                                |          |          |          |          |          |          |           |
| Birmingham-Hoover, AL HUD Metro FMR Area |                                |          |          |          |          |          |          |           |
| VERY LOW INCOME                          | 44900                          | 44900    | 44900    | 44900    | 59300    | 59300    | 59300    | 59300     |
| LOW INCOME                               | 71850                          | 71850    | 71850    | 71850    | 94850    | 94850    | 94850    | 94850     |
| MOD. INC-GUAR. LOAN                      | 110650                         | 110650   | 110650   | 110650   | 146050   | 146050   | 146050   | 146050    |
| Chilton County, AL HUD Metro FMR Area    |                                |          |          |          |          |          |          |           |
| VERY LOW INCOME                          | 33450                          | 33450    | 33450    | 33450    | 44200    | 44200    | 44200    | 44200     |
| LOW INCOME                               | 53500                          | 53500    | 53500    | 53500    | 70600    | 70600    | 70600    | 70600     |
| MOD. INC-GUAR. LOAN                      | 110650                         | 110650   | 110650   | 110650   | 146050   | 146050   | 146050   | 146050    |



# USDA Eligibility Site



Select a state to see the income limits for the counties in that state.

[Click Here for MSA Definitions](#)

Program

Open Web Page

1

Do you want to open this link: <https://www.rd.usda.gov/files/RD-SFH-MSAAreaDefinitions.pdf>?

Cancel Open Link



FY 2023 LIST OF COUNTIES (AND NEW ENGLAND TOWNS) IDENTIFIED BY STATE AND METROPOLITAN AREA PAGE 1

01 ALABAMA

-----METROPOLITAN AREA-----  
-----Counties of FMR AREA within STATE-----

|  |  |
|--|--|
| Anniston-Oxford, AL MSA - 11500                                |  |
| CBSA: Anniston-Oxford-Jacksonville, AL MSA - METRO11500M11500  | 015-Calhoun  |
| Auburn-Opelika, AL MSA - 12220                                 |  |
| CBSA: Auburn-Opelika, AL MSA - METRO12220M12220                | 081-Lee  |
| Birmingham-Hoover, AL MSA - 13820                              |  |
| SA: Birmingham-Hoover, AL HMFA - METRO13820M13820              |  |
| 007-Bibb, 009-Blount, 073-Jefferson, 115-St. Clair, 117-Shelby |  |
| SA: Chilton County, AL HMFA - METRO13820N01021                 | 021-Chilton  |
| Columbus, GA-AL MSA - 17980                                    |  |
| SA: Columbus, GA-AL HMFA - METRO17980M17980                    | 113-Russell  |
| Daphne-Fairhope-Foley, AL MSA - 19300                          |  |
| CBSA: Daphne-Fairhope-Foley, AL MSA - METRO19300M19300         | 003-Baldwin  |
| Decatur, AL MSA - 19460  |  |
| CBSA: Decatur, AL MSA - METRO19460M19460                       | 079-Lawrence, 103-Morgan                             |
| Dothan, AL MSA - 20020   |  |
| SA: Dothan, AL HMFA - METRO20020M20020                         | 061-Geneva, 069-Houston                              |
| SA: Henry County, AL HMFA - METRO20020N01067                   | 067-Henry  |
| Florence-Muscle Shoals, AL MSA - 22520                         |  |
| CBSA: Florence-Muscle Shoals, AL MSA - METRO22520M22520        | 033-Colbert, 077-Lauderdale                          |
| Gadsden, AL MSA - 23460  |  |
| CBSA: Gadsden, AL MSA - METRO23460M23460                       | 055-Etowah   |
| Huntsville, AL MSA - 26620                                     |  |
| CBSA: Huntsville, AL MSA - METRO26620M26620                    | 083-Limestone, 089-Madison                           |
| Mobile, AL MSA - 33660   |  |
| SA: Mobile, AL HMFA - METRO33660M33660                         | 097-Mobile   |
| SA: Washington County, AL HMFA - METRO33660M01129              | 129-Washington                                       |
| Montgomery, AL MSA - 33860                                     |  |
| CBSA: Montgomery, AL MSA - METRO33860M33860                    | 001-Autauga, 051-Elmore, 085-Lowndes, 101-Montgomery |
| Tuscaloosa, AL MSA - 46220                                     |  |
| SA: Greene County, AL HMFA - METRO46220M01063                  | 063-Greene   |
| SA: Pickens County, AL HMFA - METRO46220N01107                 | 107-Pickens  |
| SA: Tuscaloosa, AL HMFA - METRO46220M46220                     | 065-Hale, 125-Tuscaloosa                             |

2



Annual Income



# Annual Income



## Include



Income of all adult household members, including benefits received on behalf of minors.



The first \$480 of earned income from adult full-time students who are not the applicant, co-applicant, or spouse of an applicant.



\$0 for a business loss.



IRS transcripts required for all adult household members (except full-time students). Lender must obtain and review prior to closing.

# Annual Income: Assets

## Include



**Assets: Include income from cumulative household non-retirement assets of \$50,000 or greater.**



Assets with actual earnings will use the stated rate of interest.



Assets that do not earn interest will use a current passbook savings rate.



Deduct any funds utilized for down payment, closing costs, pre-pays, etc. in the home purchase transaction PRIOR to calculating asset income.



# Annual Income: Exclusions

Exclude



Lump Sum or Sporadic Payments



Section 8 Housing Vouchers



Student Loans



SNAP Benefits



Fringe Benefit Packages

# Assets...Investigate



## Assets and Reserves

### Depository Accounts: Checking, Money Market Accounts, and Savings

#### Documentation:

- Two months of recent bank statements; or
- Verification of Deposit (VOD) and a recent bank statement (official electronic printout of monthly statement is acceptable).
- Investigate all recurring deposits on the account statements that are not attributed to wages or earnings to confirm the deposits are not from undisclosed income sources. There is no tolerance or percentage of the amount of a recurring deposit that is not required to be investigated.
- Investigate individual (non-recurring) deposits greater than \$1,000 on the account statements that are not attributed to wages or earnings to confirm the deposits are not from undisclosed income sources.
- If the source of a deposit is readily identifiable on the account statement(s), such as a direct deposit from an employer, the Social Security Administration, an IRS or state income tax refund, or a transfer of funds between verified accounts, and the source of the deposit is printed on the statement, the lender does not need to obtain further explanation or documentation. However, if the source of the deposit is printed on the statement, but the lender still has questions as to the source of the deposit, the lender should obtain additional documentation.

#### Reserves: Eligible

- Lenders must use the balance as reflected on the most current bank statement, or on the verification of deposit if the date on the verification of deposit is dated after the bank statement. Electronic printouts are not permitted, unless they are the official electronic statements provided by the banking institution. Deposited gift funds require further documentation and calculation. Refer to the “Gift Funds” section of this Attachment for further guidance.

#### Funds to Close: Eligible

### Earnest Money

#### Documentation:

- Retain a copy of the check, money order receipt, etc. that was remitted for the earnest money.

#### Reserves: Eligible

#### Funds to Close: Eligible

#### GUS Instructions:

- Earnest money that has cleared an applicant’s depository account may be entered under the “Other Credits” section of the “Lender Loan Information” GUS application page. The amount of earnest money should not be reflected in the balance of any asset entered on the “Assets and Liabilities” application page.
- Refer to the “Gift Funds” section of this Attachment for additional guidance when gift funds are used for the Earnest Money deposit.

# Annual Income – Example

| Adults  | Minors  |
|---|---|
| <b>Bob (Applicant)</b><br><i>(full-time employment; checking/savings - \$20,000 jointly w/ Sue)</i> | <b>Jenny</b><br><i>(part-time employment) \$0</i> |
| <b>Sue (Co-Applicant)</b><br><i>(full-time employment; checking/savings joint w/ Bob)</i>           | <b>Lily</b>                                       |
| <b>Grandpa Happy</b><br><i>(SSI and 401k; checking &amp; savings \$70,000 jointly w/ Grandma)</i>   | <b>Ben</b>  |
| <b>Grandma Happy</b><br><i>(SSI and 401k; joint checking &amp; savings w/ Grandpa)</i>              | <b>Sophie</b>                                     |
| <b>Sam</b><br><i>(full-time college student) Only first \$480</i>                                   | <b>Twins Lucy &amp; Lucas</b>                     |

## The Happy Family's Annual Income



# GUS “Eligibility”

## Eligibility

> Property Information



> Household Member Information

### ✓ Monthly Gross Income For All Household Members

Enter the current monthly gross income of all adult household members required to determine annual household income eligibility

Primary Borrower (P)

Base ⓘ

\$0.00

Commission ⓘ

\$0.00

Overtime ⓘ

\$0.00

Military Entitlements ⓘ

\$0.00

Bonus ⓘ

\$0.00

Other ⓘ

\$0.00

All Other Monthly Income Received by Adult Members of the Household ⓘ

\$0.00

Check Income Eligibility

Total Household Income

\$0.00

Allowable Adjustments

\$0.00

Adjusted Household Income

\$0.00

UNKNOWN





# Adjusted Annual Income



# Annual Income – Allowable Deductions

- \$480 per eligible dependent (at time of application). May include when there is shared custody.
- Verified childcare expenses for children 12 & under. Anticipated for next 12 months. That enables family member(s) to work, seek employment or attend school
- Disability expenses that exceed 3% of annual income.
- \$400 elderly deduction (applicant or co-applicant is 62 or older). Only one \$400 deduction per household.
- Unreimbursed medical expenses for elderly or disabled households that exceed 3% of annual income.

# Adjusted Annual Income: Deductions

## If Income Limit is \$110,650

|                     |                   |
|---------------------|-------------------|
| Gross Annual Income | \$114,500         |
| 3 children x \$480  | - <u>\$ 1,440</u> |
| Subtotal            | \$113,060         |

|                          |                   |
|--------------------------|-------------------|
| Childcare Expenses       |                   |
| \$500/month x 12         | - <u>\$ 6,000</u> |
| <b>Adjusted Income =</b> | <b>\$107,060</b>  |





# Allowable Deductions for Disability Expenses

## Loan Scenario

- Payments to a care attendant to stay with a disabled 16-year-old child allow the child's mother to go to work every day.
  - These payments are an eligible disability assistance expense.
  - The disability assistance expenses cannot exceed the employment income of the family member enabled to work.
  - NOTE: Attendant care includes, but is not limited to, expenses for home medical care, nursing services, housekeeping and errand services, interpreters for hearing-impaired, and readers for persons with visual disabilities.



# Allowable Deductions for Disability Expenses

Deduction for eligible expenses that exceed three percent of the annual income.

|  |                   |
|--|-------------------|
| Applicant/Borrower earned income:                  | \$60,000          |
| Co-applicant/Co-borrower income:                   | +\$ <u>30,000</u> |
| <b>Total annual income:</b>                        | <b>\$90,000</b>   |
| <br>   |                   |
| <b>Care expenses for disabled household member</b> | <b>\$10,000</b>   |
| <br>   |                   |
| Calculation:                                       | \$10,000          |
| <i>(3% of annual income) (90,000 x 3%)</i>         | - <u>\$2,700</u>  |
| <b>Allowable disability assistance expenses</b>    | <b>\$7,300</b>    |

# Allowable Deductions for Medical Expenses

## Loan Scenario

- Elderly household with an annual income of \$25,000
- Anticipated medical expenses of \$3,000 that are not covered by insurance or another source
  - Some anticipated expenses such as Medicare or other health insurance premiums and ongoing prescriptions can be documented easily.
  - Others need to be estimated. Use historical information about medical bills to estimate future expenses. However, the estimates should be realistic.
    - For example, if the household has a significant medical bill, the Loan Originator would count only that portion of the bill that is likely to be paid during the coming year.

# Allowable Deductions for Medical Expenses

Deduction for eligible expenses that exceed three percent of the annual income.

|                                  |                   |
|----------------------------------|-------------------|
| Applicant/Borrower income:       | \$15,000          |
| Co-applicant/Co-borrower income: | +\$ <u>10,000</u> |
| <b>Total annual income:</b>      | <b>\$25,000</b>   |

|  |                |
|--|----------------|
| <b>Total anticipated medical expenses:</b> | <b>\$3,000</b> |
|--|----------------|

|  |                |
|--|----------------|
| Calculation:                               | \$3,000        |
| <i>(3% of annual income) (25,000 x 3%)</i> | - <u>\$750</u> |

|                                   |                |
|-----------------------------------|----------------|
| <b>Allowable medical expenses</b> | <b>\$2,250</b> |
|-----------------------------------|----------------|

# Adjusted Annual Income – Example

| Adults  | Minors                                 |
|---|--|
| <b>Bob</b> ( <i>Applicant</i> )<br>(full-time employment; \$20,000 joint checking/savings)    | <b>Jenny</b><br>(part-time employment) |
| <b>Sue</b> ( <i>Co-Applicant</i> )<br>(full-time employment; \$20,000 joint checking/savings) | <b>Lily</b>                            |
| <b>Grandpa Happy</b><br>(SSI and 401k; \$70,000 joint checking & savings )                    | <b>Ben</b>                             |
| <b>Grandma Happy</b><br>(SSI and 401k; \$70,000 joint checking & savings )                    | <b>Sophie</b>                          |
| <b>Sam</b><br>(full-time college student)   | <b>Twins Lucy &amp; Lucas</b>          |

## The Happy Family's Adjusted Annual Income

$$\$480 \times 7 = \$3360$$

May also include verified childcare expenses

Elderly deduction does not apply







## Eligibility

> Property Information



> Household Member Information

### ✓ Monthly Gross Income For All Household Members

Enter the current monthly gross income of all adult household members required to determine annual household income eligibility

#### Primary Borrower (P)

Base ⓘ

\$3,000.00

Commission ⓘ

\$0.00

Overtime ⓘ

\$0.00

Military Entitlements ⓘ

\$0.00

Bonus ⓘ

\$0.00

Other ⓘ

\$0.00

All Other Monthly Income Received by Adult Members of the Household ⓘ

\$0.00

Check Income Eligibility

Total Household Income

\$36,000.00

Allowable Adjustments

\$0.00

Adjusted Household Income

\$36,000.00

**ELIGIBLE**

GUS  
“Eligibility”



## Frequently Asked Questions...



The applicant currently lives with his sister; however, she will not be moving to the home being financed. Is her income required to be included in the annual and adjusted annual income calculations if they have not been living apart for three months?



# Frequently Asked Questions...

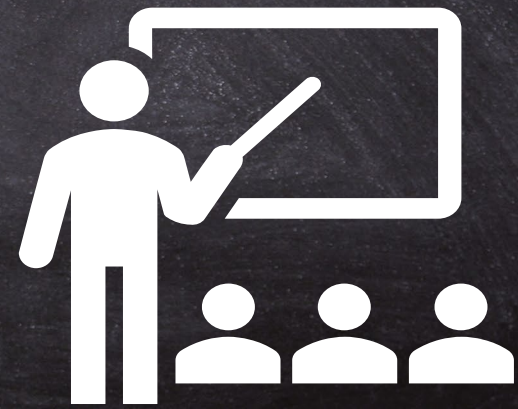


## **ANSWER: NO**

Chapter 9, Section 9.3B states that lenders must include the income of an applicant's spouse, unless the spouse has been living apart from the applicant for at least 3 months.

This section further states, "This guidance applies to domestic partners, significant others, and fiancés that are currently living with the applicant as a household/family unit"

If the individual does not meet this definition, such as the case of living with a sister, then the three month evidence would not be required.





## Frequently Asked Questions...



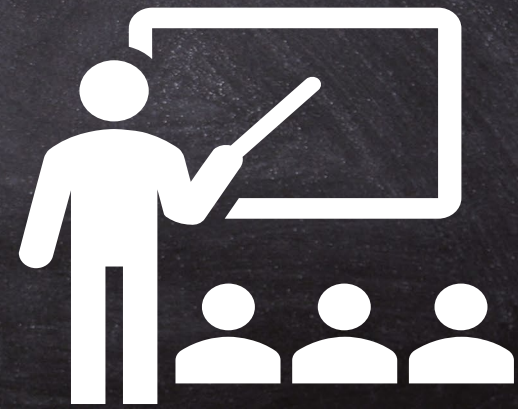
The applicant recently started a new job where the employer reimburses employees for market health insurance premiums up to \$500/month. The income is non-taxable. Is this required to be included in the annual income calculation?



# Frequently Asked Questions...

## **ANSWER: NO**

Since the income is non-taxable, it is considered reimbursement, therefore not included in the annual income calculation.





# Repayment Income



# Repayment Income

## Helpful Tips



**Include stable and dependable income of parties to the note only**



Co-signers are not allowed



Use caution when wages have significantly increased or decreased (20% or greater)



USDA does not underwrite loans!



Lender = Underwriter    USDA = Compliance



Evidence of historical earnings – Lenders must analyze gaps

# Repayment Income – Excluded Types

## Excluded Types



Any student financial aid received by household members for tuition, fees, books, equipment, materials and transportation



Amounts received that are specifically for or in reimbursement of the cost of medical expenses for any family member



Temporary, nonrecurring, or sporadic income – including gifts



Lump sum additions to family assets such as inheritances, capital gains, insurance payments and personal or property settlements



Payments for the care of foster children or adults





Supplemental Nutrition Assistance Program payments

# Repayment Income – Required History

 **6 Months:** Court Ordered Child Support, Separate Maintenance/Alimony

**12 Months:** Voluntary Child Support, Separate Maintenance/Alimony

 **1 Year History:** Base Wages, Expense Allowances, Bonus, Commission, Employee Fringe Benefits, Military, Overtime, Part-time, Tips

 **2 Year History:** Capital Gains, Dividends, Interest, Rental Income, Schedule K-1, Seasonal, Self-Employment, Unemployment

 **Ineligible:** Boarder Income, Non-Occupant Borrower, Less than 3 years remaining

 *(See HB-1-3555, Attachment 9-A for more inclusive list)*

# Repayment Income – Special Considerations

- Income that has been verified as tax exempt may be grossed up by 25% for Repayment Income ONLY
- Do not gross up for Annual Household Income
- No other adjustments are authorized

**Tax Exempt Income:**



- Any loss incurred from a business that is closed may be removed from consideration when a letter is provided with documentation of the following:
  1. When the business closed
  2. Why the business closed
  3. How the business closed
  4. Evidence to support the closure

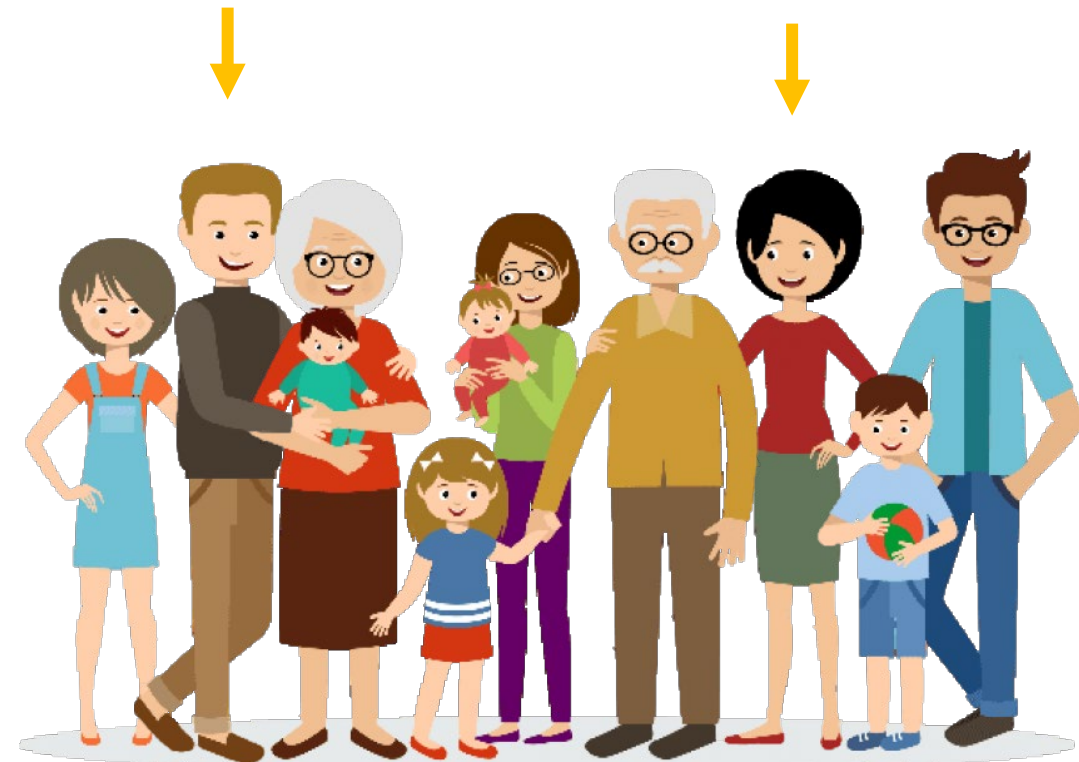
**Self-Employed  
Business**



# Repayment Income – Example

| Adults  | Minors                                 |
|---|--|
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| <b>Sue</b> ( <i>Co-Applicant</i> )<br>(full-time employment; \$20,000 joint checking/savings) | <b>Lily</b>                            |
| <b>Grandpa Happy</b><br>(SSI and 401k; \$70,000 joint checking & savings )                    | <b>Ben</b>                             |
| <b>Grandma Happy</b><br>(SSI and 401k; \$70,000 joint checking & savings )                    | <b>Sophie</b>                          |
| <b>Sam</b><br>(full-time college student)   | <b>Twins Lucy &amp; Lucas</b>          |

## The Happy Family's Repayment Income





### Borrower Information

▼ Alice Firstimer

#### ▼ Current Employment / Self Employment and Income (1)

Remove

\* Employer or Business Name (P) ⓘ

Phone (F) ⓘ

Street Address (F) ⓘ

City (F) ⓘ

State (F) ⓘ

Zip Code (F) ⓘ

[Zip Code Lookup](#)

Position or Title (F) ⓘ

Start Date (P) ⓘ



Use the Calendar Icon to pull up a calendar to help select dates

1

How long in this line of work?

Years (F) ⓘ

Months (F) ⓘ

2

Check if you are the Business Owner or Self Employed ⓘ

3

#### Gross Monthly Income

Base (P) ⓘ

 / month

Overtime (P) ⓘ

 / month

Bonus (P) ⓘ

 / month

Commission (P) ⓘ

 / month

Military Entitlements (P) ⓘ

 / month

Other (P) ⓘ

 / month

Total

 / month

Add Additional Employment

# GUS "Borrower Information"



# Review Attachment 9-A

<https://www.rd.usda.gov/files/3555-1chapter09.pdf>

Refer to applicable column.

GUS does not determine stable and dependable income. The underwriter does.

Incorrect data entries will render the underwriting recommendation as invalid.

Retain all documentation in the permanent loan file.

## Income and Documentation Matrix

### Income guidance: 7 CFR 3555, Sections 3555.152(a) and (b)

This matrix cannot cover every income/asset type, employment scenario, etc. USDA requires approved lenders to use sound judgment to make an accurate and dependable analysis of income per 7 CFR 3555.152. Exclusions may apply under 7 CFR 3555.152(b)(5) and Attachment 9-D.

### Considerations for Income Calculations

- Annual and adjusted annual income calculations must include all eligible income sources from all adult household members, not just parties to the loan note.
- Annual income is calculated for the ensuing 12 months, based on income verifications, documentation, and household composition.
- Include only the first \$480 of earned income from adult full-time students who are not an applicant, or a spouse of an applicant in annual and adjusted annual income.
- Income from assets that meet the criteria of Section 9.4 must be included in annual and adjusted annual income.
- Repayment income calculations include the income sources of the applicants who will be parties to the note that meet the minimum required history identified in this matrix and have been determined to be stable and dependable income by the approved lender.
- Income used in repayment income calculations must be confirmed to continue a minimum of three years into the mortgage.
- If the income is tax exempt, it may be grossed up 25 percent for repayment income.
- "Documentation Source Options" lists eligible documentation. Every item listed is not required unless otherwise stated. Lenders must obtain and maintain documentation in the loan file supporting the lender's income calculations.

| Income Type                           | Annual Income   | Repayment Income  |
|---------------------------------------|---|---|
| <b>Adoption Assistance or Subsidy</b> | If the income will be received in the ensuing 12 months, include the first \$480 of adoption income or subsidy assistance for each grantee. | <b>Required History:</b> None, the income must be received at the time of submission to the Agency.<br><br>Lenders must document: <ul style="list-style-type: none"><li>○ The applicants are currently receiving the income; and</li><li>○ The amount of the income received each month.</li></ul> Benefits that do not include expiration dates on the documentation will be presumed to continue. |

### Documentation Source Options:

- Benefit/Award letter to document the amount and duration of payments.
- Online payment schedule from the Agency, bank statements, etc.
- Federal income tax returns or IRS tax transcripts with all schedules.

# Income Documentation – Attachment 9-B

Attachment 9-B =  
Not Required!  
But a very helpful tool!

Applicant: \_\_\_\_\_ Co Applicant: \_\_\_\_\_

**WORKSHEET FOR DOCUMENTING ELIGIBLE HOUSEHOLD AND REPAYMENT**

*Lender Instructions: Determine eligible household income for the Single-Family Housing Guaranteed Loan Program by documenting all source/types of income for all household members. Qualify the loan by documenting all source of income that is stable and dependable utilized to repay the loan.*

| Identify all Household Members | Age | Full-time Student Y/N? | Disabled Y/N? | Receive Income Y/N? |
|--------------------------------|-----|------------------------|---------------|---------------------|
|                                |     | No                     | No            | No                  |
|                                |     | No                     | No            | No                  |
|                                |     | No                     | No            | No                  |
|                                |     | No                     | No            | No                  |
|                                |     | No                     | No            | No                  |
|                                |     | No                     | No            | No                  |
|                                |     | No                     | No            | No                  |
|                                |     | No                     | No            | No                  |

**ANNUAL INCOME CALCULATION** (Consider anticipated income for the next 12 months for all adult household members as of the date of the application and HB-1-3555 Chapter 9. Website for instructions/administrative notices: <https://www.rd.usda.gov/publications/regulations-guidelines>)

1. Applicant (Wages, salary, self-employed, commission, overtime, bonus, tips, alimony, child support, pension/retirement, social security, disability, trust income, etc.) Calculate and record how the calculation of each income source/type was determined in the space below.

2. Co-Applicant (Wages, salary, self-employed, commission, overtime, bonus, tips, alimony, child support, pension/retirement, social security, disability, trust income, etc.) Calculate and record how the calculation of each income source/type was determined in the space below.

3. Additional Income to Primary Income (Automobile Allowance, Mortgage Differential, Military, Secondary Employment, Seasonal Employment, Unemployment.) Calculate and record how the calculation of each income source/type was determined in the space below.

4. Additional Adult Household Member (s) who are not a Party to the Note (Primary Employment from Wages, Salary, Self-Employed, Additional Income to Primary Employment, Other Income.) Calculate and record how the calculation of each income source/type was determined in the space below.

5. Income from Assets (Income from household assets as described in HB-1-3555, Chapter 9.) Calculate and record how the calculation of each income source/type was determined in the space below.

6. Annual Household Income (Total 1 through 5)

HB-1-3555 Attachment 9-B Page 2 of 3

Applicant: \_\_\_\_\_ Co Applicant: \_\_\_\_\_

**ADJUSTED INCOME CALCULATION** (Consider qualifying deductions as described in 7 CFR 3555.152(a) and HB-1-3555 Chapter 9. Non-occupied borrowers or co-signers are not allowed.)

7. Dependent Deduction (\$480 for each child under age 18, or full-time student attending school the age of 18) - # Zero 0 x \$480

8. Annual Child Care Expenses (Reasonable expenses for children 12 and under) Calculate the deduction in the space below.

9. Elderly/Disabled Household (1 household deduction of \$400 if 62 years of age or older, or 2 household deduction of \$400 if 62 years of age or older and 62 years of age or older) All note signers are under sixty two

10. Disability (Unreimbursed expenses in excess of 3% of annual income per 7 CFR 3555.152(c)) Calculate and record the calculation of the deduction in the space below.

11. Medical Expenses (Elderly/Disabled households only. Unreimbursed medical expenses in excess of 3% of annual income per 7 CFR 3555.152(c) and HB-1-3555 Chapter 9.) Calculate and record the calculation of the deduction in the space below.

12. Total Household Income (Total 1 through 11)

13. Adjusted Annual Income (Total 12 through 13) Income cannot exceed Moderate Income Limit for the State and County

Moderate Income Limit: \_\_\_\_\_ State: \_\_\_\_\_ County: \_\_\_\_\_

HB-1-3555 Attachment 9-B Page 3 of 3

Applicant: \_\_\_\_\_ Co Applicant: \_\_\_\_\_

**MONTHLY REPAYMENT INCOME CALCULATION** Consider stable and dependable income of parties to the note as described in 7 CFR 3555.152(a) and HB-1-3555 Chapter 9. Non-occupied borrowers or co-signers are not allowed.

14. Stable Dependable Monthly Income (Parties to note only.) Calculate and record how the calculation of each income source/type was determined in the space below. Identify income type by party to note.

|  | Applicant                    | Co-Applicant                 | Total   |
|--|------------------------------|------------------------------|---------|
| Base Income                                | _____                        | _____                        | \$ 0.00 |
|  | Calculation of Base Income:  | Calculation of Base Income:  |         |
| Other Income                               | _____                        | _____                        | \$ 0.00 |
|  | Calculation of Other Income: | Calculation of Other Income: |         |
| Total Income                               | \$ 0.00                      | \$ 0.00                      | \$ 0.00 |
| 15. Monthly Repayment Income (Total of 14) |                              |                              | \$ 0.00 |

Preparer's Signature: \_\_\_\_\_

Name (Print): \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_





## Frequently Asked Questions...



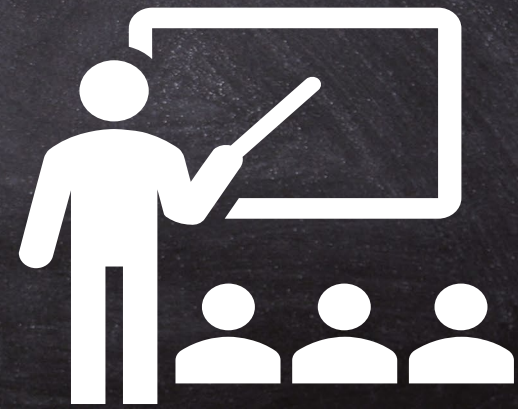
The applicant has only been at his current job for 4 months, but it is mandatory that he works 10 hours of overtime per week. He does not have a history of earning overtime in his previous position. Since the overtime is mandatory, can it be used in repayment income?



# Frequently Asked Questions...

## **ANSWER: NO**

Even if the overtime is mandatory, a 12-month history of receipt in the same or similar line of work is required in order to be considered for repayment income.





## Frequently Asked Questions...



The applicant is employed by a manufacturing plant that shuts down each year in July for cleaning and maintenance. Employees are “laid off” for the month and return in August.

Would we consider this seasonal employment and require a 2-year history or regular base wages?

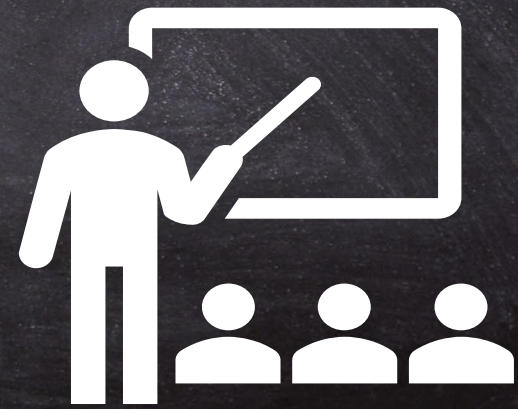


# Frequently Asked Questions...

## **ANSWER: Regular Base Wages**

Although Rural Development guidelines do not define a set period of time to be considered seasonal employment, a one-month layoff would generally not be considered a seasonal employment.

In this case the layoff is for cleaning and maintenance, not the seasonality of the line of work.










# Income Verification Requirements

# Income Verification Requirements




## Streamlined Documentation

-  1 recent paystub with YTD figure
-  Written VOE (may be electronically generated)
-  Verbal VOE (must be obtained within 10 business days of closing)

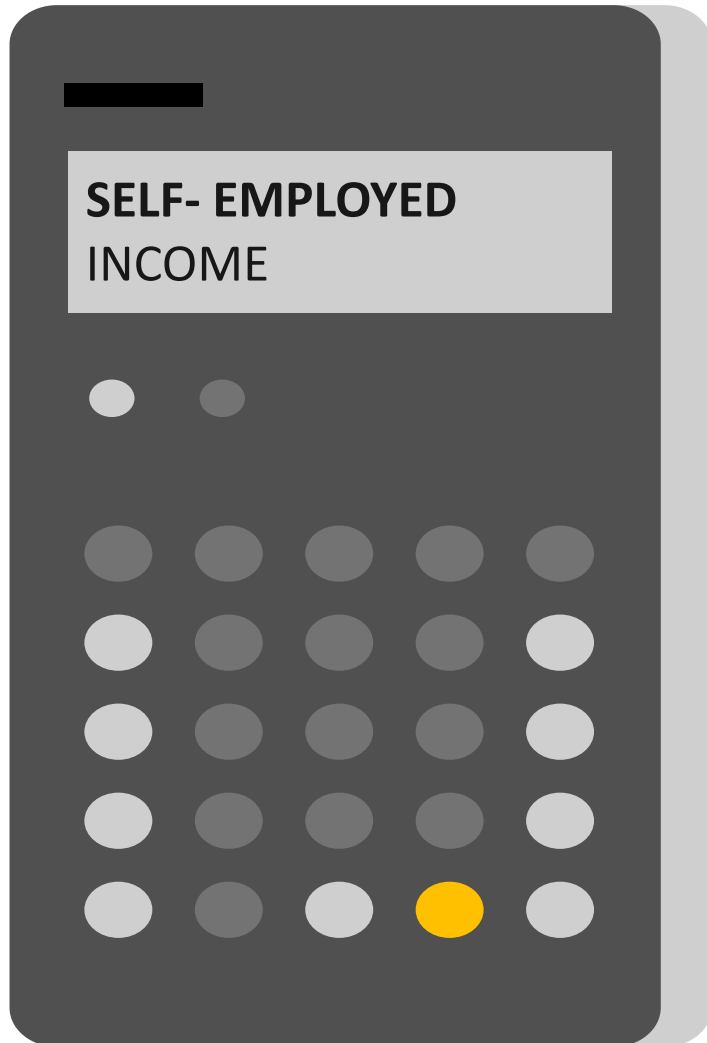
EMPLOYED INCOME (base, overtime, bonus, commissions, etc.)

Verify for all adult household members except full-time students.

## Full Documentation

-  Paystubs covering the most recent four weeks of earnings
-  W-2's for the most recent two tax years
-  Verbal VOE (must be obtained within 10 business days of closing)

# Income Verification Requirements



2-years of signed individual and business tax returns with all schedules plus a recent profit and loss statement (not required to be audited)

OR

IRS transcripts with all schedules plus a recent profit and loss statement (not required to be audited)



Trend analysis for the applicant's business (Recommend use of Fannie Mae Form 1084, "Cash Flow Analysis" and Fannie Mae Form 1088, "Comparative Income Analysis")



Confirmation the business is operational within 30 days of loan closing



# IRS Transcripts



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Required for all required household members.



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Full time students age 18 and up that are not the applicant, co-applicant, or spouse of an applicant are not required to sign the 4506-T/4506-C or have transcripts provided.



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Transcripts provide a quality control measure to ensure all income and asset earnings reported to the IRS have been disclosed to the lender.



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Lenders must obtain and review the transcripts prior to loan closing and retain them in their permanent loan file.



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Previously unknown/undisclosed income or asset sources that are identified by the transcripts will require additional review by the lender and may render a loan file ineligible.

Income worksheet was removed from the 3555-21 but calculations are still required

Lender must document and retain income calculations for all adult household members

Do not submit to USDA for GUS “Accept” loans

Attachment 9-B, Underwriting Transmittal Summary, or Similar Form

Applicant: \_\_\_\_\_ Co Applicant: \_\_\_\_\_

**WORKSHEET FOR DOCUMENTING ELIGIBLE HOUSEHOLD AND REPAYMENT INCOME**

**Lender Instructions:** Determine eligible household income for the Single-Family Housing Guaranteed Loan Program (SFHGLP) by documenting all sources/types of income for all household members. Qualify the loan by documenting all sources/types of income that is stable and dependable, utilized to repay the loan.

| Identify all Household Members | Age | Full-time Student Y/N? | Disabled Y/N? | Receive Income Y/N? | Source of Income |
|--------------------------------|-----|------------------------|---------------|---------------------|------------------|
|                                |     |                        |               |                     |                  |
|                                |     |                        |               |                     |                  |
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**ANNUAL INCOME CALCULATION** (Consider anticipated income for the next 12 months for all adult household members as described in 7 CFR 3555.152(b) and HB-1-3555, Chapter 9. Website for instructions: <https://www.rd.usda.gov/resources/directives>)

|  |  |
|--|--|
| 1. Applicant (Wages, salary, self-employed, commission, overtime, bonus, tips, alimony, child support, pension/retirement, social security, disability, trust income, etc.). Calculate and record how the calculation of each income source/type was determined in the space below.                  |  |
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| 3. Additional Income to Primary Income (Automobile Allowance, Mortgage Differential, Military, Secondary Employment, Seasonal Employment, Unemployment, etc.). Calculate and record how the calculation of each income source/type was determined in the space below.                                |  |
| 4. Additional Adult Household Member (s) who are not a party to the note (Primary Employment from Wages, Salary, Self-Employed, Additional Income to Primary Employment, Other Income, etc.). Calculate and record how the calculation of each income source/type was determined in the space below. |  |
| 5. Income from Assets (Income from household assets as described in HB-1-3555, Chapter 9). Calculate and record how the calculation of each income source/type was determined in the space below.  |  |
| <b>6 Annual Household Income</b><br>(Total 1 through 5)  |  |

# Show Me the Math!

Annual Income based on Hourly Rate at 40hr/week + YTD OT Average

Annual Income:  $\$32.50 \times 40 \text{ hrs} = \$1,300$   
 $\times 52 = \$67,600$   
 YTD OT  $7,500 / 5.4 \text{ mos} = \$1,388.88 \times 12 =$   
 $\$16,666.67 + \text{hourly } \$67,600 = \$84,266.67$

Applicant: \_\_\_\_\_ Co Applicant: \_\_\_\_\_

## WORKSHEET FOR DOCUMENTING ELIGIBLE HOUSEHOLD AND REPAYMENT INCOME

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|--------------------------------|-----|------------------------|---------------|---------------------|------------------|
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**ANNUAL INCOME CALCULATION** (Consider anticipated income for the next 12 months for all adult household members as described in 7 CFR 3555.152(b) and HB-1-3555, Chapter 9. Website for instructions: <https://www.rd.usda.gov/resources/directives>)

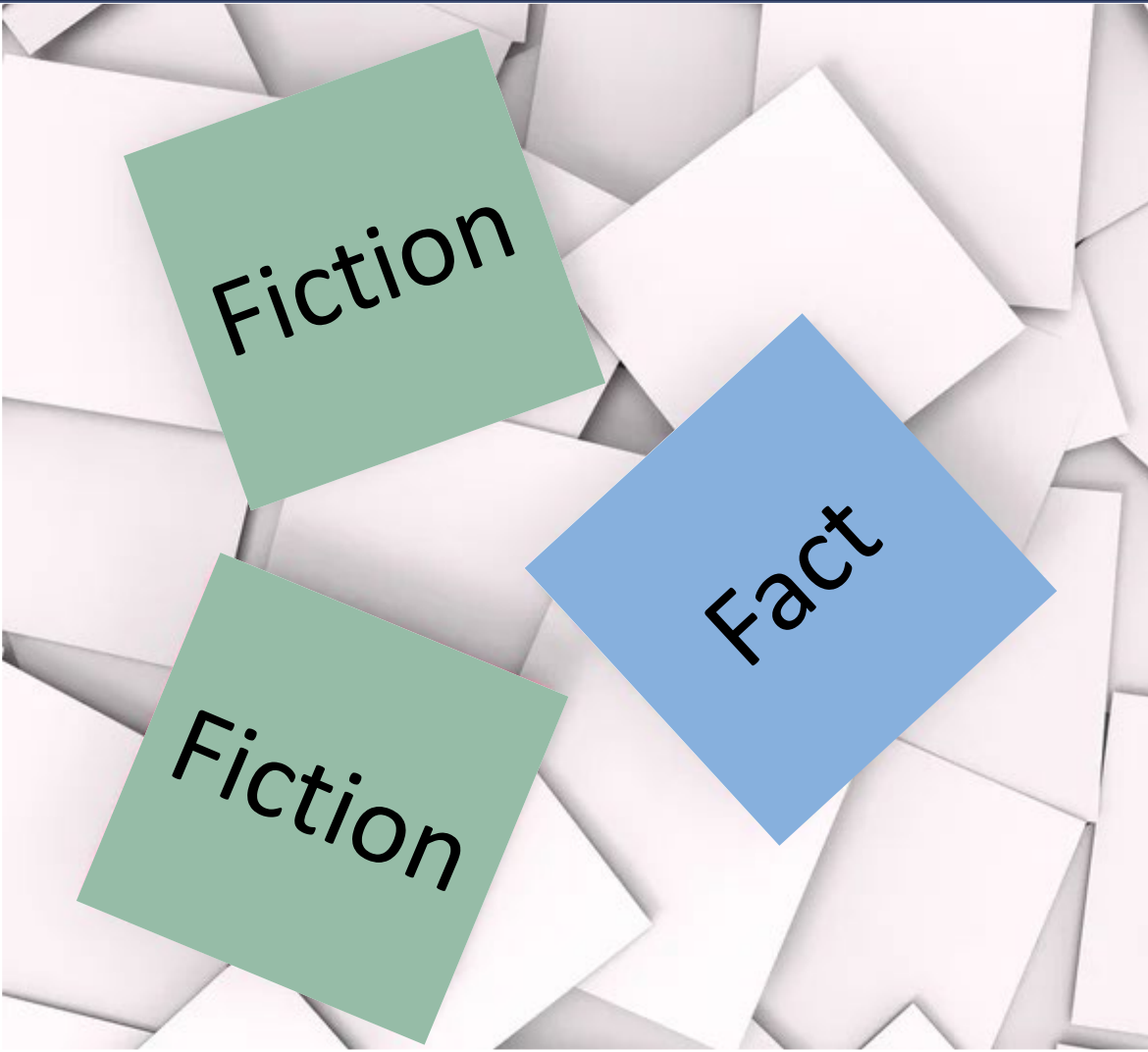
|  |  |
|--|--|
| 1. Applicant (Wages, salary, self-employed, commission, overtime, bonus, tips, alimony, child support, pension/retirement, social security, disability, trust income, etc.). Calculate and record how the calculation of each income source/type was determined in the space below.                  |  |
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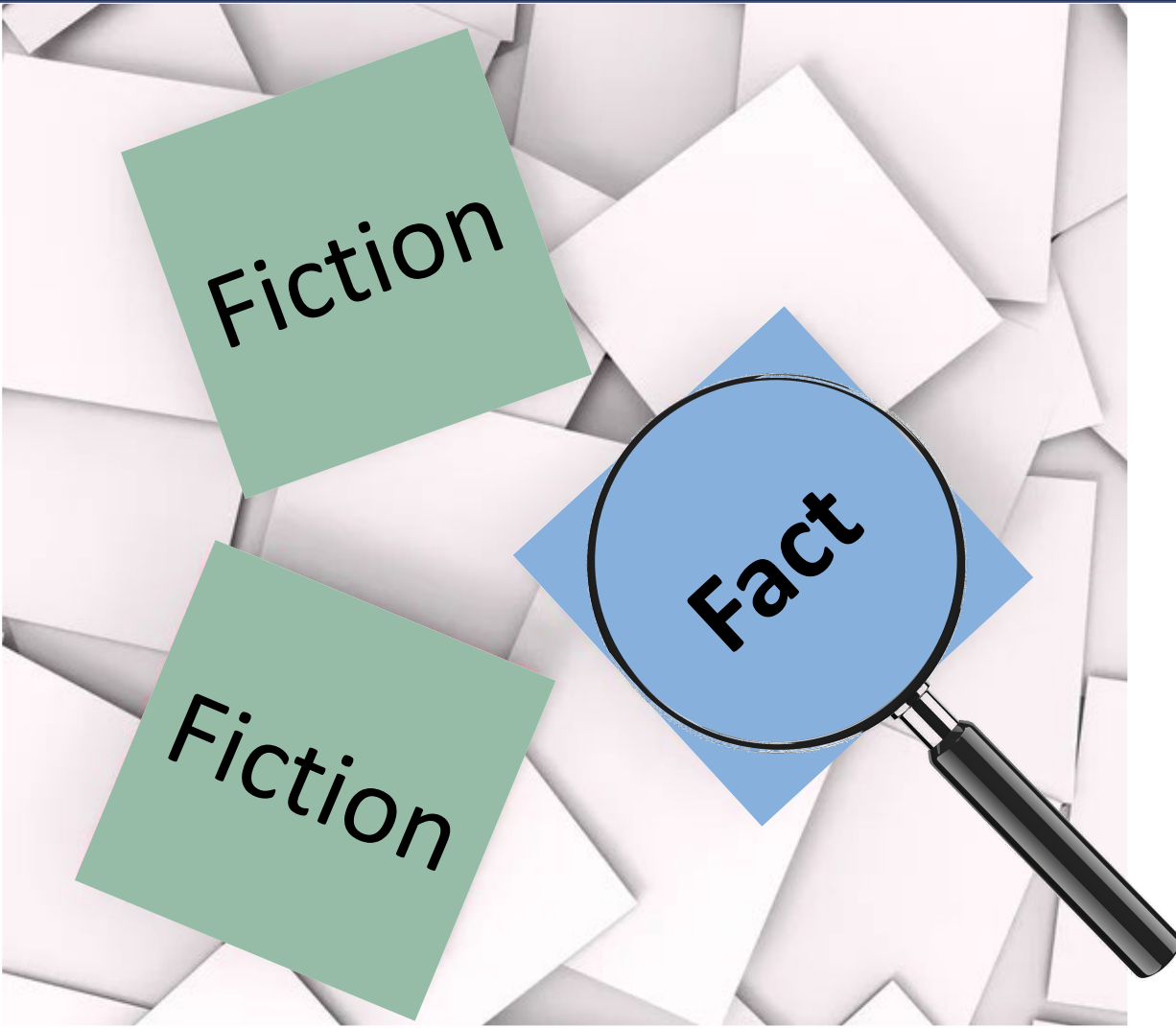
# Assets

# FACT OR FICTION



If an applicant does not need funds to close, assets must still be verified?

# FACT OR FICTION



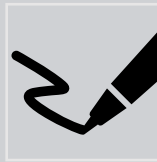
- Assets must be verified whether they are required for funds to close or not.
- Assets may affect income eligibility (Chapter 9) and applicant eligibility (Chapter 8).

# Asset Tips

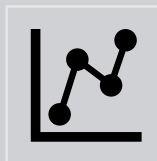
## Remember



Income from eligible assets may be required to be included in annual income



Assets are considered a compensating factor which do impact underwriting recommendations in GUS



Lenders will determine if assets are to be included in the underwriting analysis

# Asset Verification

You may not have to enter them...but you have to verify them!

Assets and Liabilities

Assets - Bank Accounts, Retirement, and Other Accounts You Have (0)

Add Asset 1

Accounts Owner/Borrower Name (0) 2

Account Type (0) 3

Financial Institution (0)

Account Number (0)

Cash or Market Value (0)

Total Cash or Market Value for All Borrowers

\$0.00

Not required on “Assets & Liabilities” page, but may be required on “Eligibility” page.

HB-1-3555  
Attachment 9-B  
Page 1 of 3

Applicant: \_\_\_\_\_ Co Applicant: \_\_\_\_\_

**WORKSHEET FOR DOCUMENTING ELIGIBLE HOUSEHOLD AND REPAYMENT INCOME**

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**ANNUAL INCOME CALCULATION** (Consider anticipated income for the next 12 months for all adult household members as described in 7 CFR 3555.152(b) and HB-1-3555 Chapter 9. Website for instructions/administrative notices: <https://www.rd.usda.gov/resources/directives>.)

1. Applicant (Wages, salary, self-employed, commission, overtime, bonus, tips, alimony, child support, pension/retirement, social security, disability, trust income, etc.). Calculate and record how the calculation of each income source/type was determined in the space below.

2. \_\_\_\_\_

3. \_\_\_\_\_

4. \_\_\_\_\_

5. Income from Assets (Income from household assets as described in HB-1-3555, Chapter 9). Calculate and record how the calculation of each income source/type was determined in the space below.

6. Annual Household Income (Total 1 through 5)

Always required to verify. Calculation required if cumulative household total exceeds \$50,000.

# Asset Inflation



## Accuracy matters!

- Invalid GUS underwriting recommendations
- Invalid compensating factors
- Inaccurate annual income calculation
- Potential fraud

# Assets...Which do I use?



December Ending Balance: \$4,354.53

January Current Balance: \$4,534.32

Use this amount



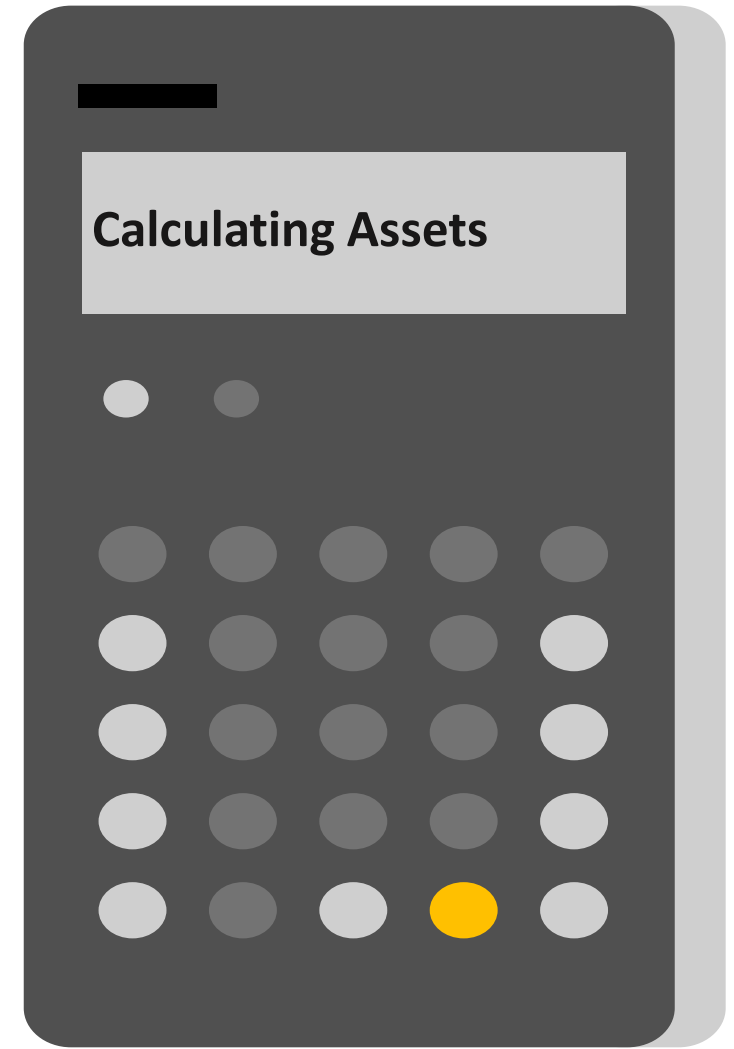
# Income: Calculating Assets

## Example: Calculating Income from Assets

- **Checking account (non-interest bearing):** \$17,000
- **Savings account (.25% interest):** \$24,000
- **Certificate of Deposit (3% interest):** \$15,000

**Total Assets:** \$56,000 less \$5,000 from checking used to purchase the home

**Remaining Assets = \$51,000**



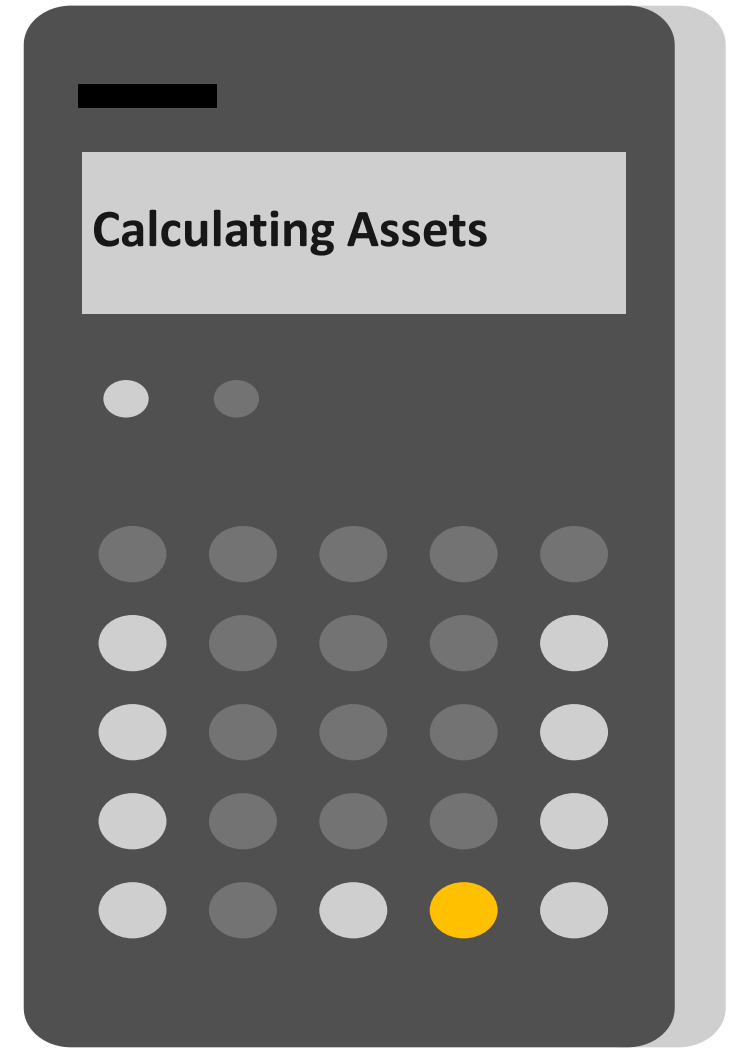
# Income: Calculating Assets

## Example (continued): Calculating Income from Assets

- Checking:  $\$17,000 - \$5,000 = \$12,000 \times .25\% = \$30$
- Savings:  $\$25,000 \times .25\% = \$62.50$
- CD:  $\$15,000 \times 3\% = \$450$

**Asset Calculation:**  $30 + 62.50 + 450 = \$542.50$

*Include \$542.50 in annual income calculation*







## Frequently Asked Questions...



The applicant has a joint savings account with her mother. She indicates it is her mother's account and she is only on the account for emergency purposes.

Do we have to verify and consider the account since it is really the mother's account?

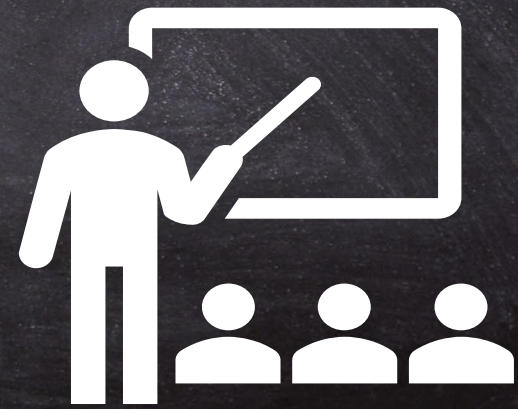


# Frequently Asked Questions...

## **ANSWER: Yes**

Although the funds may be intended for the mother, if the funds are in the applicant's name, including a joint account, with the applicant having access to the funds then those assets would be considered personal assets of the applicant.

The account would need to be verified and considered in accordance with Chapter 9 as well as considered in the review of the conventional credit test as outlined in Chapter 8.





# Frequently Asked Questions...



The lender can consider up to what percent of the vested amount of a retirement account for reserves?

1. 40%
2. 60%
3. 0%



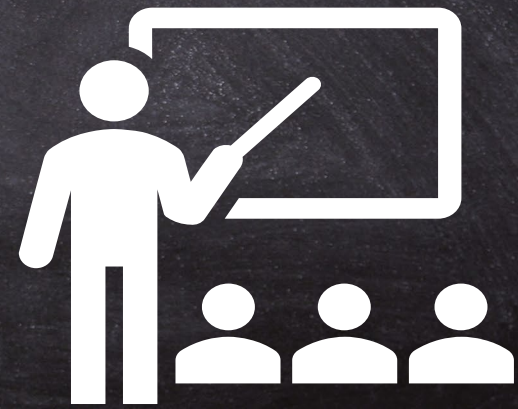
# Frequently Asked Questions...

## **ANSWER: 60%**

The lender can consider up to 60% of the vested amount of the retirement account as reserves.

Any funds borrowed from these accounts, such as a 401K loan, are not considered cash reserves.

Retirement accounts that restrict withdrawals to circumstances involving the applicant's employment separation, retirement, or death should not be considered as a cash reserve.





# Frequently Asked Questions...



Proceeds from the sale of a home can be considered for reserves?

True or False?



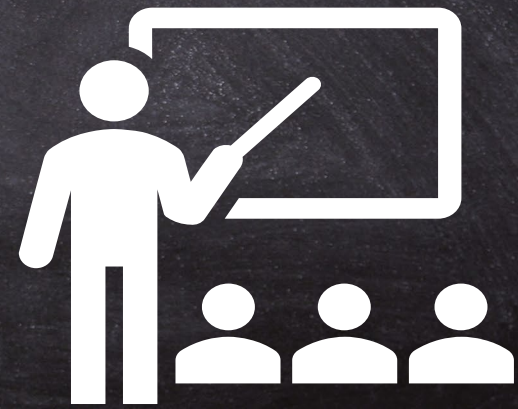
# Frequently Asked Questions...

## **ANSWER: TRUE**

Verified sales proceeds can be considered reserves.

Documentation to verify sale proceeds includes the closing disclosure, or acceptable alternative, and verification of where the proceeds are held and their availability to the applicant.

Lenders should include the amount as an “Other Asset” labeled as “Proceeds from Real Estate Property to be sold on or before closing” to ensure GUS recognizes the inclusion in case reserves.





# Handbook Updates



# HB-1-3555, Chapter 4 & 6 Updates

## Updates to HB-1-3555, Chapters 4 and 11

The Single Family Housing Guaranteed Loan Program (SFHGLP) is pleased to announce revisions to technical [Handbook-1-3555](#), Chapter 4, Lender Responsibilities; and Chapter 11, Ratio Analysis. These changes became effective upon the recent issuance of a [Procedure Notice \(PN\)](#). Below are the highlighted revisions:

### Chapter 4 – Lender Responsibilities

- Updated the point of contact for submission of Form RD 3555-11, Lender Record Change.
- Provided the definition of negligent servicing.
- Added additional clarification to the conditions in which the Agency may seek indemnification and how loss claims will be considered for loans subject to indemnification.
- Provided Agency contact information for various topics (reporting mortgage fraud, ESR system, etc.).

### Chapter 11 – Ratio Analysis

- Revised the terminology in Section 11.2 to mirror the verbiage on the Uniform Residential Loan Application.
- Clarified that if an amount other than what is reflected on the credit report is used in the Total Debt Ratio, the lender should provide documentation of the amount utilized.
- Clarified that when a balloon/deferred payment loan is due within 12 months, the lender must evaluate the complete loan application to determine the applicant's repayment ability.
- Clarified that a copy of the executed escrow agreement for temporary buydown accounts must be retained in the lender's permanent loan file.

|            |   |
|------------|---|
| Chapter 1  | Overview  |
| Chapter 2  | Record Retention  |
| Chapter 3  | Lender Approval   |
| Chapter 4  | Lender Responsibilities   |
| Chapter 5  | Origination and Underwriting Overview                             |
| Chapter 6  | Loan Purposes   |
| Chapter 7  | Loan Terms and Conditions   |
| Chapter 8  | Applicant Characteristics   |
| Chapter 9  | Income Analysis   |
| Chapter 10 | Credit Analysis   |
| Chapter 11 | Ratio Analysis  |
| Chapter 12 | Property and Appraisal Requirements                               |
| Chapter 13 | Special Property Types  |
| Chapter 14 | Funding Priorities  |
| Chapter 15 | Submitting the Application Package                                |
| Chapter 16 | Closing the Loan and Requesting the Guarantee                     |
| Chapter 17 | Regular Servicing-Performing Loans                                |
| Chapter 18 | Servicing Non-Performing Loans - Accounts with Repayment Problems |
| Chapter 19 | Loss Claim - Collecting on the Guarantee                          |
| Appendix 1 | 7 CFR part 3555   |
| Appendix 2 | Forms and Instructions  |
| Appendix 3 | Review and Appeals  |
| Appendix 4 | Agency and Employee Addresses                                     |
| Appendix 5 | Income Limits   |
| Appendix 6 | Interest Assistance   |

### Chapter 11: RATIO ANALYSIS

To determine if the applicant's repayment income can cover the anticipated monthly housing expense and total debt service, the Agency has established standards for debt-to-income (DTI) and total debt (TD) ratios; however, these standards may vary when valid compensating factors are present.

The Agency will evaluate the applicant's repayment income, as determined by the lender, against the standards in the Handbook. To qualify for a guarantee, borrowers must meet both the DTI and TD ratios.

Borrowers must have repayment ability if their proposed monthly housing expense is not limited to:

• 29 percent of their repayment income.

• Monthly payments on the mortgage;

• Monthly payments, whether escrowed or not;

• Monthly payments, whether escrowed or not;

• Monthly payments for annual fee;

• Monthly payments for dues and regular assessments;

• Monthly payments, whether escrowed or not; and

# HB-1-3555, Chapter 8 Update

## SFH Guaranteed Origination

January 18, 2024

### Advance Notice: GUS Changes and Revisions to HB-1-3555, Chapter 8

The Single Family Housing Guaranteed Loan Program (SFHGLP) will be implementing a change in the Guaranteed Underwriting System (GUS) to remove required data entry in the Immigration/Naturalization Check Information section of the Additional Data screen for non-U.S. Citizen applicants. The anticipated implementation date for these changes is April 1, 2024.

Upon implementation, it will be the approved lender's responsibility to document the applicants' legal residency, rather than utilizing the Systematic Alien Verification for Entitlements (SAVE) system through GUS. Applicants are required to have a valid social security number and evidence of continued residency and income. The approved lender remains responsible for collecting all necessary documents needed to validate eligibility. By submitting the request for a Conditional Commitment to the Agency, the lender represents and warrants that the applicant is legally present in the United States and meets the eligibility requirements of the SFHGLP.

To incorporate this change, revisions to technical Handbook 1-3555, Chapter 8, Applicant Characteristics have been drafted, with the changes expected to be implemented on April 1, 2024. The following are highlights of the upcoming Handbook revisions:

#### Chapter 8 – Applicant Characteristics

- Removed all references to the Systematic Alien Verification for Entitlements (SAVE) program.
- Clarified that approved lenders will be responsible to obtain and review a non-U.S. Citizen's identification number and documentation to determine the applicant's eligibility for the SFHGLP.

Copies of the upcoming revisions are available for review on the [Loan Origination page of the USDA LINC Training and Resource Library](#), under the sub-heading "New".

Questions regarding program policy and this announcement may be directed to [sfhgld.program@usda.gov](mailto:sfhgld.program@usda.gov) or (833) 314-0168.

Thank you for supporting the Single-Family Housing Guaranteed Loan Program!

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| Chapter 2  | Record Retention  |
| Chapter 3  | Lender Approval   |
| Chapter 4  | Lender Responsibilities   |
| Chapter 5  | Origination and Underwriting Overview                             |
| Chapter 6  | Loan Purposes   |
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#### CHAPTER 11: RATIO ANALYSIS

To determine if the applicant's repayment income can cover the anticipated monthly housing expense and total debt service, the Agency has established standards for the debt-to-income (DTI) ratio and total debt-to-income (TDI) ratio; however, the Agency may adjust these standards when valid compensating factors are present.

The Agency will be adjusting the repayment income, as determined by the lender's Handbook. To qualify for a guarantee, borrowers must meet both the DTI and TDI ratios.

To determine repayment ability if their proposed monthly housing expense is 29 percent of their repayment income. Monthly housing expense is not limited to:

• Monthly payment on the mortgage;

• Monthly taxes, whether escrowed or not;

• Monthly insurance, whether escrowed or not;

• Monthly fee for annual fee;

• Monthly dues and regular assessments;

• Monthly taxes, whether escrowed or not; and



# HB-1-3555, Chapter 18 Update

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## ATTACHMENT 18-A LOSS MITIGATION GUIDE



# LOSS MITIGATION GUIDE

## Single Family Housing Guaranteed Loan Program

**Effective:**  
**11/1/2022**

### LOSS MITIGATION GUIDE SINGLE FAMILY HOUSING GUARANTEED LOAN PROGRAM

#### 1. SERVICING EARLY DELINQUENCY LOANS (LESS THAN 90 DAYS PAST

(03-09-16) SPECIAL PN  
Revised (01-05-24) PN 602

#### CHAPTER 11: RATIO ANALYSIS

To determine if the applicant's repayment income can cover the anticipated monthly housing expense and total debt service (including the mortgage payment), the Agency will evaluate the applicant's homeownership. The Agency has established standards for the debt-to-income (DTI) and total debt (TD) ratios; however, the Agency may adjust these standards when valid compensating factors are present.

The Agency will evaluate the repayment income, as determined by the lender's Handbook. To qualify for a guarantee, borrowers must meet both the DTI and TD ratios.

Borrowers do not have repayment ability if their proposed monthly housing expense is greater than 29 percent of their repayment income. Monthly housing expense is not limited to:

• Principal and interest on the mortgage;

• Property taxes, whether escrowed or not;

• Insurance, whether escrowed or not;

• Fees for annual fee;

• Late fees, penalties, dues and regular assessments;

• Other debt payments, whether escrowed or not; and



# Lender Resources

# USDA LINC Training & Resource Library



# Loan Origination Tab



# Resources at your fingertips!



<https://www.rd.usda.gov/resources/usda-linc-training-resource-library>

## LINC Training Library

- Guaranteed Underwriting System (GUS)
- Lender Approval
- Lender Training
- Loan Closing
- Loan Origination
- Loan Servicing
- GUS Lender Test Environment

English

## USDA LINC Training & Resource Library

The Single Family Housing Guaranteed Loan Program has prepared a comprehensive library of resources for all lending partners. In the categories below you have access to all of the training, resources, and important forms for program participation.

If you have questions or need additional information, please contact us. **Contact Information:** [SFHGLP Contact List](#)



### Lender Approval

[Learn More](#)



### Loan Origination

[Learn More](#)



### Lender Training

[Learn More](#)



### Loan Closing

[Learn More](#)



### Guaranteed Underwriting System

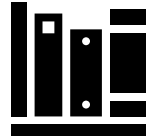
[Learn More](#)



### Loan Servicing

[Learn More](#)

Regulation &  
Handbook



Forms &  
Worksheets



Frequently Asked  
Questions



<https://www.rd.usda.gov/resources/usda-linc-training-resource-library>

**Loan Origination**

HOME · RESOURCES · USDA LINC TRAINING & RESOURCE LIBRARY

**New\*\***

- [Department of Hawaiian Home Lands MOU](#)

**Documents & Resources**

1. [3555 Handbook](#) (PDF)
2. [3555 Regulation - 7 CFR 3555](#) (PDF)
3. [FAQ Loan Origination](#) (PDF)
4. [Form RD 3555-21 Request for Loan Guarantee](#) (PDF)
5. [GRH Loan Checklist -- Attachment 15-A](#) (PDF)
6. [Manual Submission Job Aid](#) (PDF)
7. [GRH Income Worksheet -- Attachment 9-B](#) (PDF)
8. [Guaranteed and Annual Fee Calculation Guidance](#) (PDF) [Calculator](#) (Excel)
9. [Income Matrix](#) (PDF)
10. [Refinance Matrix](#) (PDF)
11. [Sample Worksheet for Calculating Maximum Loan](#) (PDF)
12. [Capital Financial Requirements for Non-Regulated Lenders](#) (PDF)



## Have a question on POLICY?

Contact the PAC team!  
Ext. 4



## Need TRAINING?

Contact the LPA team!



## Try our Toll-Free Lender Line

#833-314-0168

9:00 m – 3:30 pm EST



<https://www.rd.usda.gov/media/file/download/sfhgllpcontactlist.pdf>



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

#### Contacts and Resources

| TOPIC  | CONTACT   |
|--|---|
| <b>File-Specific Questions</b><br>Information to include in email: <ul style="list-style-type: none"><li>Identify the state the application is located; if applicable;</li><li>Provide applicant's name and USDA borrower ID, if applicable;</li><li>GUS loan number, if applicable</li><li>Include contact information; and</li><li>Indicate if you would like a call back (otherwise you will receive an email reply)</li></ul> <b>File-Specific Questions by phone:</b> | <b>Production Team One:</b> <a href="mailto:SFHGLPONE@usda.gov">SFHGLPONE@usda.gov</a><br>AK, AL, AZ, CA, CO, GU, HI, IA, ID, KS, MT, NM, NV, OR, SD, TX, UT, WA, WI, WP, WY<br><b>Production Team Two:</b> <a href="mailto:SFHGLPTWO@usda.gov">SFHGLPTWO@usda.gov</a><br>AR, KY, LA, MN, MO, MS, ND, NE, NJ, NY, OK<br><b>Production Team Three:</b> <a href="mailto:SFHGLPTHREE@usda.gov">SFHGLPTHREE@usda.gov</a><br>CT, DE, GA, IL, MA, MD, ME, MI, NC, NH, RI, SC, VT, WV<br><b>Production Team Four:</b> <a href="mailto:SFHGLPFOUR@usda.gov">SFHGLPFOUR@usda.gov</a><br>FL, IN, OH, PA, PR, TN, VA, VI<br><b>*833-314-0168, ext. 2</b> |
| <b>Lender Self-Report</b>  | <a href="mailto:sfhgld.compliance@usda.gov">sfhgld.compliance@usda.gov</a>  |
| <b>Program Training</b>  | <a href="mailto:sfhgld.lenderpartner@usda.gov">sfhgld.lenderpartner@usda.gov</a>  |
| <b>Program Marketing and Outreach</b>  |   |
| <b>General Loan Scenario Questions</b>   | <a href="mailto:sfhgld_program@usda.gov">sfhgld_program@usda.gov</a> or *833-314-0168, ext. 4   |
| <b>Loan Policy/Regulation/Handbook</b>   |   |
| <b>Turn Times</b>  | *833-314-0168, ext. 1   |
| <b>Lender Approval/Recertification</b>   | <a href="mailto:sfhgllpservicing@usda.gov">sfhgllpservicing@usda.gov</a>  |
| <b>Loan Servicing</b>  |   |
| <b>Technical Issues: GUS</b>   | <a href="mailto:RD.HD@USDA.GOV">RD.HD@USDA.GOV</a> or (800) 457-3642 option 2, option 2   |
| <b>Technical Issues: e-Authentication</b>  | E-Authentication FAQs:<br><a href="https://www.eauth.usda.gov/eauth/b/usda/faq">https://www.eauth.usda.gov/eauth/b/usda/faq</a><br>E-Authentication Contact Us:<br><a href="https://www.eauth.usda.gov/eauth/b/usda/contactus">https://www.eauth.usda.gov/eauth/b/usda/contactus</a>  |
| <b>Loss Claims</b>   | <a href="mailto:guarantee.svc@usda.gov">guarantee.svc@usda.gov</a>  |
| <b>Monthly and Quarterly Status Reporting</b>  |   |
| <b>GUS User Agreements</b>   | <a href="mailto:RD.SO.HSB@usda.gov">RD.SO.HSB@usda.gov</a>  |
| <b>Adding/Removing Security Administrator (SFH Guaranteed Loan Program Automated Systems)</b>  | Form Instructions: <a href="https://www.rd.usda.gov/files/RD-SFH-AdditionalLenderSecurity.pdf">https://www.rd.usda.gov/files/RD-SFH-AdditionalLenderSecurity.pdf</a>  |

\*Phone System Availability: 9:00 am to 3:30 pm ET

#### TOOLS AND 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/subscriber/new>



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