

CHAPTER 3: LENDER APPROVAL

7 CFR 3555.51

3.1 INTRODUCTION

A lender is defined as an entity that originates, services, or holds a loan guaranteed by the Agency.

The SFHGLP is not intended to promote risky lending. For its success, the program relies on lenders to make sound underwriting decisions. Because the Agency does not underwrite the loans it guarantees, lenders that apply for loan guarantees must originate, underwrite, service, and hold loans responsibly. To ensure that these standards are met, the Agency must approve a lender before it participates in the SFHGLP. To be approved, a lender must agree to follow the Agency's program guidelines and consistently demonstrate high-quality in the areas of loan origination, underwriting, servicing, and reporting. Once the Agency has approved the lender, it may participate in the program as long as it maintains these standards and continues to follow all program requirements. The Agency periodically monitors the lender to verify that continued program participation is warranted.

3.2 LENDER APPROVAL CRITERIA [7 CFR 3555.52]

A lender must demonstrate that it has the expertise to make and/or service single-family housing mortgage loans. Lenders that have been approved for single-family housing loan-making activities by organizations referenced in Paragraph A of this section are considered to have demonstrated the ability to originate, underwrite, and service SFHGLP loans. In all other cases, the Agency determines whether a lender is qualified by reviewing the lender's history along with other documentation.

A. Approval from Another Recognized Source

Acceptable documentation includes a copy of the official letter or other verifiable communication from an acceptable secondary market organization or other Federal government agency showing that the lender is approved for participation by that entity. The lender must also provide additional documentation listed in the *Lender Approval Checklist*, Attachment 3-A of this chapter. The Agency reviews and confirms the information the lender submits.

Acceptable secondary market organizations, Federal government and state agencies include:

- A State Housing Finance Agency (SHFA). Evidence that a private sector lender is approved by a SHFA to participate in SHFA programs does not represent an automatic approval to participate in the guaranteed program.
- The U.S. Department of Housing and Urban Development-Federal Housing Administration (HUD-FHA), when the lender is approved as a supervised or non-supervised mortgagee with Direct Endorsement Authority for title II lending activity.

- Government National Mortgage Association (Ginnie Mae), when the lender is an issuer of Ginnie Mae mortgage-backed securities.
- The U.S. Department of Veterans Affairs (VA), when the lender is a supervised lender or is approved as a supervised or non-supervised mortgagee with the authority to close loans under VA's automatic guaranty procedure.
- Fannie Mae, when the lender is approved for single-family loan activities.
- Freddie Mac, when the lender is approved for single-family loan activities.

The Agency may revoke a lender's approval to participate in the SFHGLP if the lender fails to maintain the appropriate eligibility status or violates the terms and conditions of the Agency's lender agreement.

B. Approval by Demonstrated Ability

A lender that does not meet the conditions of Paragraph 3.2.A, and who has not previously participated as an approved lender in the SFHGLP, may seek approval by demonstrating its ability to originate and/or service sound loans. In such a case, the lender either must be overseen by a Federal regulator, be a Farm Credit System institution, or must be an active participant with an approved lender agreement in another USDA guaranteed loan program.

1. Demonstrated Ability

The lender must have a proven ability to originate, underwrite, and/or service single-family mortgage loans and must have a staff with adequate knowledge and expertise in these areas. Expert knowledge and experience in residential mortgage lending may be demonstrated through the following documentation:

- **A summary of residential mortgage lending activity.** At a minimum, the summary must include the dollar amount and number of residential mortgage loans in its loan origination and servicing portfolio, along with percentages of delinquencies, foreclosures, and credit losses. The Agency will examine the summary to verify that the lender's performance is comparable to that of other participating lenders in good standing.
- **Written criteria that outline the policies and procedures the lender typically follows when originating, underwriting, and closing residential mortgage loans.** The quality control system must ensure that the lender demonstrates safe and sound lending practices including, but not limited to, the analysis and review of appraisals and other factors affecting property values, credit analysis and review, and income analysis and review. In addition, the policies and procedures must comply with all applicable laws and regulations such as the Equal Credit

Opportunity Act (ECOA), the Real Estate Settlement Procedures Act (RESPA), and the Home Mortgage Disclosure Act (HMDA).

- **Evidence that the lender has an experienced loan underwriter on staff.** The lender must provide a copy of the underwriter's signed resume showing that the underwriter has at least two years of experience in underwriting single family residential loans, and is knowledgeable of the principles, practices, and techniques of residential mortgage lending.

2. *Additional Requirements for Originating Lenders that do not Service Loans*

A lender that does not intend to service SFHGLP loans must certify that it will contract with an Agency-approved lender that agrees to follow all Agency servicing requirements, and that has the capacity to hold funds for taxes and insurance in escrow. Originating lenders should be prepared to escrow funds for taxes and insurance when required to repurchase loans.

3. *Additional Requirements for Lenders Servicing Loans*

If the lender intends to service SFHGLP loans, the lender must provide the following additional documentation:

- **Written criteria concerning the policies and procedures for servicing residential mortgage loans.** The Agency will review these policies and procedures to determine if escrow accounts are handled in compliance with RESPA, and that all other applicable laws and regulations, such as the Fair Credit Reporting Act (FCRA), are followed.
- **Evidence of a written plan if the lender contracts for escrow services.** If a lender does not have an escrow system for taxes and insurance, it must submit a written plan to the Agency for ensuring that taxes and insurance for mortgage loans are paid when due.
- **Evidence that the lender has serviced single-family residential mortgage loans in the year before applying for Agency approval.** This documentation should include the number and dollar amount of the loans in the lender's portfolio, the number and percentage of loans in default (categorized by 30-60-90-days late, in bankruptcy, and in foreclosure), and the number, percentage and dollar amounts of loans on which losses have been paid.

The Agency reserves the right to re-evaluate a lender's status from time to time. Lenders who fail to follow established guidelines for real estate taxes and hazard insurance premiums or other conditions of the lender's agreement may have their lender's approval revoked by the Agency. The lender may be required to provide information to support continued Agency approval similar to the documentation provided with its initial application.

4. *Federal Oversight*

A lender that is a federally regulated depository institution may be considered for participation in the SFHGLP. The lender must provide an official letter or other verifiable communications from the oversight authority that indicates the lender's ability to process, underwrite and service single-family residential mortgage loans. The documentation must confirm that Federal oversight is being provided by one of the following Federal oversight entities:

- The Federal Reserve System.
- The Office of the Comptroller of the Currency (OCC).
- The Federal Deposit Insurance Corporation (FDIC).
- The National Credit Union Administration (NCUA).
- The Federal Housing Finance Board regulating lenders within the Federal Home Loan Bank (FHLB) system.

5. *Experience with a USDA Program or Farm Credit System*

A Farm Credit System (FCS) institution or lender participating in certain other USDA programs is eligible to participate in the SFHGLP if it can also demonstrate experience in underwriting and servicing single-family residential mortgage lending. Lenders meeting these criteria include:

- An FCS lender with direct lending authority; or
- A lender participating in other Rural Housing Service, Rural Business-Cooperative Development Service, Rural Utilities Service, or Farm Service Agency guaranteed loan programs that have an active lender agreement.

C. *Participation as an Agent of an Approved Lender*

A lender that does not meet the requirements for Agency approval as a lender may participate in the program as the agent of a lender approved by Rural Development. The lender approved by Rural Development must designate the agent in writing and state the functions that the agent performs on its behalf. The agent may be permitted to originate the loan and close it in their name as long as the loan was reviewed by the approved lender and is transferred to the approved lender immediately upon closing and prior to issuance of a Loan Note Guarantee. The lender approved by Rural Development is responsible for ensuring that its agent's loan origination, underwriting, and closing activities are in accordance with Agency standards. The Conditional Commitment for Loan Note Guarantee and Loan Note Guarantee will be issued to the approved lender.

3.3 APPLICATION

Lenders will submit *Form RD 3555-16, "Agreement for Participation in Single-Family Housing Guaranteed/Insured Loan Programs of the United States Government,"* and the necessary supporting documentation as outlined in *Lender Approval Checklist, Attachment 3-A,* of this chapter. When a lender determines that it will participate in multiple states, the application package will be submitted to the Rural Development National Office. If the lender wishes to participate in the SFHGLP in a single state, the lender should submit the application package to the State Office as listed in Appendix 4 of this handbook.

Reliable and effective quality control (QC) programs are essential to a lender's success in the mortgage industry. Quality begins prior to application intake and continues through the mortgage process. The purpose of quality control is to monitor and evaluate the integrity of the origination and servicing processes and is customized to the lender's organization, circumstances and needs. The quality control plan must contain the necessary controls as required by other recognized sources noted at Section 3.2.A of this chapter. At a minimum, the lender's plan should:

- Have written procedures for document re-verification process, sampling methodology that includes a representative sample of Rural Development loans, consistent and timely review process and document retention.
- Have a quality control team that operates independently from loan origination/underwriting and servicing functions or contracts out this function.
- Provides for standard operating procedures for all employees who will be involved with or affected by the quality control process.
- Written procedures to report violations of laws or regulations, false statements, and program abuses directly to appropriate authorities in a timely manner. Information regarding violations will be reported to the National Office in accordance with Appendix 4 of this handbook.
- Ensure adequate quality control and data integrity checks are included for loans processed through automated underwriting systems on a regular and timely basis.
- Ensure adequate monitoring of all vendors, contractors, and third-party providers involved in the origination process (ex. mortgage brokers, correspondents, appraisers, and credit agencies).
- Identify training opportunities for lender staff.

3.4 AGENCY REVIEW

The Agency review of the lender's application includes the following:

- Ensuring that all required documents have been submitted and are completed correctly. Incomplete applications cannot be approved and the lender will be advised of the omission(s) in writing.
- *Form RD 3555-16* has been properly executed by a person authorized to bind the lender to the terms stated on the form.
- Evidence that the lender's demonstrated ability is consistent with the requirements of this chapter.
- Evidence that neither the lender nor any of the lender's principal officers have been suspended or debarred from participation in Federal programs.
- Evidence that the lender's approval status with Fannie Mae, Freddie Mac, HUD, VA, or another acceptable government agency is active at the time of the application to the Agency.

The Agency should use the *Lender Review Guide*, Attachment 3-B of this chapter to review lender applications.

A. Approval of Application [7 CFR 3555.52]

Pre-Approval

If the lender meets the criteria for an approved lender and provides the supporting documentation as outlined in Attachment 3-A of this chapter, the Agency will issue an approval notice to the lender. Final approval is dependent upon the lender and all origination and underwriting staff involved with the SFHGLP completing mandatory training. The purpose of the training is to provide an overview of the SFHGLP objectives, lender responsibilities, required loan documentation, and how to obtain a Loan Note Guarantee. The following options are available to assist in meeting the training requirements:

- Lenders may utilize on-demand training as an option to complete mandatory training and approval of their requested Lender Agreement. The training is posted at <https://usdalinc.sc.egov.usda.gov/> under the *Training and Resource Library* link at the *Single Family Housing Guaranteed Rural Housing* menu. This on-demand training is available for lenders to take at their convenience. The steps in accessing this on-demand training and the certification required of lenders once training is complete is outlined in Attachment 3-C of this chapter.

- Guaranteed training programs presented by state and local office agency staff. Lenders should contact the Rural Development representative in their state for training events. A list of state representatives may be found at: <http://eligibility.sc.egov.usda.gov/eligibility/>. Select “*Guaranteed*” under the “*Contact Us*” navigation menu item.

Final Approval

Upon receipt of an executed training certification provided in Attachment 3-C, the Agency will forward the lender a copy of the executed *Form RD 3555-16* notifying the lender of their approval to participate in the SFHGLP. The lender may begin participating in the program once final approval is obtained.

New lenders will be subject to a compliance review as outlined in Paragraph 3.8 of this chapter.

Once a lender obtains final approval, the Agency will update the lender pages of GLS as outlined in the Attachment 3-B, *Lender Review Guide*.

B. Denial of Application

If the lender does not qualify for participation in the program, the Agency will provide written justification along with appeal rights in accordance with Appendix 3 of this handbook.

A lender who does not meet the criteria to participate, in the program, as an approved lender, may act as an agent for an approved lender, as described in Paragraph 3.2.C.

C. Record Retention

Lender approval files will be maintained and retained in accordance with Chapter 2 of this handbook.

3.5 LENDER SALE OF GUARANTEED LOANS [7 CFR 3555.54]

SFHGLP loans can only be sold to lenders meeting the requirements of Paragraph 3.2 of this chapter. The purchasing lender must execute *Form RD 3555-16* or have an approved *Form RD 3555-16* on file. The selling lender is responsible for providing the original Loan Note Guarantee to the purchasing lender, and must report the sale of the guarantee on *Form RD 3555-11* within 30 days of the sale in accordance with Paragraph 4.6 of Chapter 4 of this handbook.

3.6 LENDER RESPONSIBILITY

The lender will be responsible for the processing and servicing of the loan and may use third party originators such as agents or correspondents in carrying out its responsibilities. Lenders are fully responsible for their own actions and the actions of those acting on the lender's behalf. The approved lender must adhere to SFHGLP guidelines as outlined in Paragraph 4.8 of Chapter 4 of this handbook.

- **Processing.** The lender must abide by restrictions on loan purposes, loan limitations, interest rates and terms set forth in 7 CFR 3555 and this handbook. The lender will underwrite the loan and submit the necessary items as outlined in Chapter 15 of this handbook in order to receive a Conditional Commitment. The agent may close the loan in its name provided the loan is immediately transferred to the approved lender to whom the guarantee will be issued.
- **Servicing.** Lenders are fully responsible for regular and default servicing and maintaining security interest for all guaranteed loans. Regular and default servicing requirements are outlined in Chapters 17 through 20 of this handbook. When servicing is subserviced to a third party, the lender will inform Rural Development of the name and address of the servicer by utilizing *Form RD 3555-11*.

3.7 EDUCATION AND OUTREACH

A. Lenders

Rural Development has developed a series of educational modules for the SFHGLP and they can be located at: <https://www.rd.usda.gov/programs-services/lenders/usda-linc-training-resource-library>. Approved Lenders are responsible to ensure that all staff have reviewed the modules before participating in the SFHGLP. Additional resources can be accessed on the Agency's SFHGLP web page located at the following link: <https://www.rd.usda.gov/programs-services/single-family-housing-guaranteed-loan-program>

B. Agency

State Agency staff will conduct outreach and lender education activities to encourage eligible lending institutions to apply for approved lender status. Eligible rural homebuyers benefit when their choice of lending institutions includes mortgage bankers, mortgage brokers, credit unions, Federal Home Loan Banks, etc. State Agency staff should reach out to local educators. To obtain information regarding educator organizations in the state, an online search of educator credit unions, school districts, teacher unions, etc., could assist in meeting this objective. Additionally, many organizations pass along information that can benefit their members and help them achieve affordable homeownership. Phone calls, letters, educational materials and personal visits, to the key decision makers, are effective tools to promote guaranteed loans.

3.8 MONITORING A LENDER'S ORIGINATION AND SERVICING OF LOANS [7 CFR 3555.51]

Rural Development will conduct compliance reviews of the lender's operations as provided in this section. *Form RD 3555-16* outlines the responsibilities and terms to maintain approval for the SFHGLP. If Rural Development determines that the lender is not fulfilling the obligations of *Form RD 3555-16* or that the lender fails to meet the required criteria, the lender will receive written notice of any deficiencies. If the lender is unwilling or unable to correct the deficiencies, Rural Development will proceed with termination as provided in Paragraph 3.8 of this chapter. Compliance Reviews

Form RD 3555-16 requires the lender to provide records pertaining to the SFHGLP for review by the Agency. The Agency will conduct a compliance review on a periodic basis as defined in Paragraph B of this section. Compliance reviews assist in Agency risk management and validate that lenders are complying with SFHGLP regulations. Compliance reviews include the examination of lender policies and procedures, cash management practices, and individual borrower case files (loan origination and servicing records, liquidation and claim files).

A Compliance Review Guide provides the format and content for the review of lender functions. The Compliance Review Guide must be followed to review the specific functions of the lender. The Compliance Review Guide may be found on the Agency's SharePoint website at: https://ems-team.usda.gov/sites/RD_HCFP/SFH1/GRH/CompServ/State%20Compliance%20Reviews-3555/Guides/2015%20State%20Compliance%20Review%20Guide-final.pdf

A. Review Circumstances and Factors

- **New Lender Compliance Review.** Rural Development may review loans originated, by a newly eligible lender to ensure understanding of, Agency regulations. Thereafter, the lender will be subject to a review provided in Paragraph 3.8.C of this chapter.
- **Other reviews.** Rural Development may elect to conduct more frequent compliance reviews when major trends or weaknesses, such as loan delinquencies, loan losses, failure to submit

required data and reports, or other influencing factors related to assuring that the Government's interest is adequately protected, have been noted, regardless of the volume of loans originated or serviced.

- **Compliance Review Guide.** A Compliance Review Guide noted in Paragraph A outlines the risk, frequency, and process the Agency will undertake to conduct compliance reviews of lenders participating in the program.

B. Conducting Compliance Reviews

Compliance reviews will be performed on each lender as noted in this section. Compliance reviews may be conducted as an on-site review at the lender location or as a desk review at a site determined by the Agency. The review should be conducted by Agency staff or a designated representative that is knowledgeable of the lender functions to be reviewed. Typically, the National Office will manage nationally approved lenders compliance reviews, however, based on certain risk characteristics, the National Office may complete reviews of State-approved lender operations. Rural Development will determine the amount of time that is needed to conduct the review. The review team members will utilize the Compliance Review Guide when planning, conducting and reporting reviews.

Three standards reviews may be performed:

- **Loan origination review.** A loan origination review is applicable to lenders who perform all or a portion of the following functions: underwriting, processing and closing.
- **Loan servicing review.** A loan servicing review is applicable to a servicer which is performing all or a portion of the following functions: reporting, loss mitigation, loss claims, and property disposition.
- **Expanded review.** An expanded review is performed for lenders and servicers that are both originating and servicing loans.

Compliance review findings will be communicated to the lender and/or servicer verbally and in writing. The reviewers will work with the lender and/or servicer to correct findings identified. The clearance and follow-up process commences upon issuance of the findings report by the Agency or their representative. If necessary, the National Office will assist the state with resolving open compliance review findings. Upon closure of the review or expiration of any follow-up period, a report will be prepared summarizing the review performed. A copy of all compliance review reports performed by the state will be forwarded to the National Office, Guaranteed Loan Division. All supporting documentation relating to the review will be maintained in the state operational file.

3.9 LENDER RECERTIFICATION AND REVOKING LENDER ELIGIBILITY:

The lender remains eligible as long as the lender meets the criteria in Paragraph 3.2 of this chapter unless that lender's status is revoked by Rural Development or by another Federal agency. The Agency will review on a two year basis lender's eligibility and require the lender to recertify their status by submitting an updated Attachment 3-A, *Lender Approval Checklist*, with supporting documentation.

Rural Development may terminate the lender's approval due to noncompliance with any of the eligibility requirements. Status may also be revoked if the lender violates the terms of *Form RD 3555-16*, fails to properly service any guaranteed loan, or fails to adequately protect the interests of the lender and the Government. In addition to revocation of eligible lender status, the lender may be debarred by Rural Development or may be required to indemnify Rural Development for any losses paid.

If Rural Development terminates a lender's approval, the lender will have 30 days from the date of receipt of the Agency's notification to appeal the decision. Refer to Appendix 3 of this handbook for additional information regarding appeal procedures. Notifications returned with a forwarding address will be sent to the new address with an additional 30 day timeframe for the lender to respond. If the notice is returned as "undeliverable" with no forwarding address, the returned envelope will be retained in the file as evidence that the lender was sent notice that they no longer met approved lender status. Agency staff will update GLS by removing the lender designation and any authorizations. Closed lender eligibility files will be retained in accordance with RD Instruction 2033-A.

3.10 VOLUNTARY WITHDRAWAL

The lender may voluntarily withdraw from participation in the SFHGLP. Pending, unclosed Conditional Commitments, loans serviced or held must be transferred to another approved lender participating in the SFHGLP prior to withdrawal. Lenders must notify Rural Development of their intent to withdraw participation.

ATTACHMENT 3-A LENDER APPROVAL CHECKLIST

7 CFR 3555.51 and Chapter 3 of this handbook describe the qualifications required to become an Agency approved lender. Other entities may participate as an approved lender’s agent or correspondent, but only approved lenders are responsible for underwriting and servicing and may hold the Loan Note Guarantee on a Rural Development guaranteed loan. For nationwide or multi-state approval, a lender must submit a request to the Rural Development National Office. For single state approval, a lender must submit a request to the Rural Development State Office. Lenders may utilize the following checklist to assure a complete application is submitted. Requests must contain all of the following information in the order listed:

Lender Approval Checklist USDA Rural Development

Lender Information				
Name:				TAX ID:
DBA Name(s), if applicable. Use separate sheet for any additional DBAs:				
Geographic Address:		Mailing Address (if different)		Phone:
				Fax:
				County:
Chartered State/Headquarters:				
Website:		Company E-Mail:		
Contact Person	Name:	Phone:	E-Mail:	
	Title:	Fax:		
Minority/Women-Owned Business (Optional)		<input type="checkbox"/> Minority-Owned <input type="checkbox"/> Women-Owned <input type="checkbox"/> Minority-Owned/ Women-Owned		
Provide the following information for all principal officers, directors, and senior managers. Additional sheets may be attached, if necessary.				
Legal Full Name, including M.I.		Title/Responsibilities		
Lender Functions		Lender Type (Select Applicable):		
<input type="checkbox"/> Originate	<input type="checkbox"/> Commercial Bank	<input type="checkbox"/> Credit Union	<input type="checkbox"/> Others	
<input type="checkbox"/> Underwrite	<input type="checkbox"/> Mortgage Loan Co	<input type="checkbox"/> Savings Bank	<input type="checkbox"/> Non-traditional	
<input type="checkbox"/> Service	<input type="checkbox"/> Insurance Co	<input type="checkbox"/> Banks for Co-Ops	<input type="checkbox"/> USDA Agency	
<input type="checkbox"/> Own	<input type="checkbox"/> Farm Credit System	<input type="checkbox"/> State Housing Finance Agency	<input type="checkbox"/> Specialty Servicer	

Current eligibility designations [Section 3.2 of HB-3555 Chapter 3]:		
<input checked="" type="checkbox"/> Agency Certifications (<i>Select applicable</i>)	Preferred Method of Evidence/Certification (<i>Submit as supplemental information</i>)	Applicable Agency Assigned Identification
<input type="checkbox"/> Fannie Mae	Fannie Mae Form 582, "Annual Eligibility Certification Report"	
<input type="checkbox"/> Freddie Mac	Freddie Mac Form 16SF, "Annual Eligibility Certification Report"	
<input type="checkbox"/> U.S. Department of Housing and Urban Development – Federal Housing Administration (HUD-FHA)	Letter showing lender approved by HUD as a Title II supervised or non-supervised mortgagee for submission of one to four family housing applications for Federal Housing Mortgage Insurance or as an issuer of Ginnie Mae mortgage backed securities "supervised" or "non-supervised."	
<input type="checkbox"/> U.S. Department of Veterans Affairs (VA)	Letter showing lender approved as a supervised or non-supervised "automatic" mortgagee with direct lending authority for VA	
<input type="checkbox"/> State Housing Finance Agency (SFHA)	N/A	
<input type="checkbox"/> Farm Credit Service(FCS)	Lender must have direct lending authority. Provide Membership letter.	
<input type="checkbox"/> Lenders participating in USDA guaranteed loan programs.	Copy of executed agreement showing approval by Rural Housing Service, Rural Business and Cooperative Service, Rural Utilities Programs and/or the Farm Service Agency.	
<input type="checkbox"/> Evidence of Federal oversight (if applicable)	Evidence and supporting documentation per Section 3.2 of Chapter 3 of Federal oversight by any of the following: <input type="checkbox"/> The Federal Reserve System; <input type="checkbox"/> The Office of the Comptroller of the Currency (OCC); <input type="checkbox"/> The Federal Deposit Insurance Corporation (FDIC); <input type="checkbox"/> The National Credit Union Administration (NCUA); or <input type="checkbox"/> The Federal Housing Finance Board regulating lenders within the Federal Home Loan Bank (FHLB) system.	
<input type="checkbox"/> Evidence of demonstrated ability in underwriting and/or servicing (if applicable).	<input type="checkbox"/> A summary of residential mortgage lending activity. <input type="checkbox"/> Written criteria that outline the policies and procedures the lender typically follows when originating, underwriting, and closing residential mortgage loans. <input type="checkbox"/> Evidence that the lender has an experienced loan underwriter on staff.	
List of Supplemental Information to be Submitted with Lender Approval Checklist [Check the box to indicate that each required document has been included with the lender approval request package.]		
1. Form RD 3555-16	"Agreement for Participation in Single-Family Housing Guaranteed/Insured Loan Programs of the United States Government (Lender Agreement)": http://forms.sc.egov.usda.gov/eForms/welcomeAction.do?Home	<input type="checkbox"/>
2. Resume	Evidence of Underwriter's qualifications and experience in the industry.	<input type="checkbox"/>
3. Retail Lender – Spreadsheet	If your firm is a retail lender , provide complete contact information (addresses, telephone numbers, fax numbers and e-mail addresses) for your branch locations, loan processing/underwriting departments, loan servicing, and a contact person for loan production. Information assists in populating Rural Development's lender record database.	<input type="checkbox"/>
4. Wholesale Lender or Servicing Lender- Spreadsheet	If your firm is a wholesale lender or a servicing lender , provide a general description of your services (loan processing, underwriting, table funding, loan servicing, real estate owned (REO) disposition, etc.) and provide complete contact information (address, telephone number, fax number, e-mail addresses) for your various departments, including regional account executives.	<input type="checkbox"/>
5. Underwriting Outline	A brief outline of underwriting criteria from the lender's internal loan policy manual. Include a statement to use forms approved by the Federal Housing Administration (FHA), Fannie Mae, or Freddie Mac.	<input type="checkbox"/>

6. Quality Control Plan	<p>General requirements for quality control plans:</p> <ul style="list-style-type: none"> • Must be in writing outlining policies and procedures along with any forms and checklists used in the process. • Employees must operate independently of loan origination and servicing departments or the lender/servicer may contract out this function. If this function is contracted out, the lender must adequately monitor the performance of the contractor. • Have procedures to report non-compliance to the highest levels of management. May be monthly or at the most a quarterly basis. • Have procedures to report non-compliance or suspected misrepresentation to the appropriate regulatory authorities. • Identify training opportunities for lender/servicer staff. • Set timeframes for review and follow-up procedures. • Have procedures in place to monitor any third party originators (TPOs) • Include a consistent process to sample select and review SFHGLP loans. 	□
7. Training Certification	Evidence of "New Lender Training" – https://www.rd.usda.gov/programs-services/lenders/usda-linc-training-resource-library for one option available for mandatory new lender training. Review Section 3.2 of Chapter 3 for additional options available.	□

Certifications/Acknowledgments

I certify I am a corporate officer and/or principal/owner of the above-named entity with the authority to legally bind the organization and to execute certifications and acknowledgements on behalf of the entity/organization named. I certify information provided and any accompanying documentation is true and accurate to the best of my knowledge and belief.

Name:	Title:
Signature:	Date:

Send the executed Lender Agreement, Checklist and Supplemental Information to one of the following addresses:

<i>Single State Approval</i>	<i>Multi-State or National Approval (by US Mail or Overnight Delivery)</i>
<p>Send to the Rural Development State Office Headquarters in the State lender approval is sought. To find the address and contacts, go to: http://www.rurdev.usda.gov/recd_map.html</p>	<p>USDA – Rural Development SFH/Guaranteed Loan Division STOP 0784, Room 2250-S 1400 Independence Avenue, SW Washington, D.C. 20250-0784</p> <p style="text-align: right;">Questions: 202.720.1452 Email: sfhgld.lender@wdc.usda.gov</p>

**ATTACHMENT 3-B
LENDER ELIGIBILITY GUIDE
New Lender/Renewing Lender**

INTRODUCTION:

This attachment provides assistance to Rural Development staff reviewing and documenting approved lender case files. This guide includes information on the initial review of files, updating lender file information, and closing out lender files.

Detailed guidance on making Guaranteed Loan System lender file corrections are found in [Lender Maintenance Help](#).

REVIEW OF LENDER INFORMATION;

Lender Qualification [3555.3.2.A]:

The Agency may use the chart below to electronically confirm a lender’s eligibility, role and participation with that organization.

Organization	URL
HUD/FHA and Ginnie Mae	https://entp.hud.gov/sfnw/public
Fannie Mae	Regulatoryinquiries@fanniemae.com
Freddie Mac	https://ems-team.usda.gov/sites/RD_HCFP/SFH1/GRH/agreements/Natl%20Lender/Forms/AllItems.aspx
Evidence of participation as an approved lender in guaranteed loan programs	Rural Housing Community Development Service Rural Business-Cooperative Development Service Rural Utilities Services or Consolidated Farm Services Agency: Approval requires an active lender agreement with the guaranteed program. Approval can be confirmed at: https://gls.sc.egov.usda.gov/lnrlst.asp . Enter the Lender Tax ID Number in Guaranteed Loan System (GLS).

DO NOT PAY (DNP) PORTAL:

Rural Development has designated the Department of Treasury's Do Not Pay (DNP) portal as the approved data verification system to comply with the "[Improper Payments Elimination and Recovery Improvement Act of 2012](#)." The DNP portal provides free access to all the required databases to determine if an individual or entity is eligible to receive federal payments.

State office staff must check the lender's name and tax identification number and the name of each of the lender's principal officers through the DNP portal. This search will return a result for the systems below:

- The General Services Administration's Excluded Parties List System for Awards Management (SAM);
 - The Credit Alert System or Credit Alert Interactive Voice Response Verification Reporting System of the Department of Housing and Urban Development (CAIVRS); and,
 - The Debt Check Database of the Department of the Treasury (TOP Debt Check).
Authorized agency staff must have a DNP database token issued by the Department of Treasury to access the DNP portal. For a token request or further instructions on how to use the DNP portal access the [Rural Development DNP SharePoint site](#).
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ATTACHMENT 3-C

NEW LENDER TRAINING AND CERTIFICATION

Mandatory training is required as part of the lender approval process. Training is required for all originators, underwriters and servicer employees of the organization and is available at <https://usdalinc.sc.egov.usda.gov/>. The lender/servicer will be required to certify training has been taken.

Single Family Housing Guaranteed Loan Program Mandatory Training

Lender Name: _____

Lender Tax ID #: _____

I certify the following participants completed mandatory Guaranteed Rural Housing training.

Signed _____

Title _____

Date _____

Participant Name	Title/Position	Email Address	Phone Number	Date Training Completed