



USDA United States Department of Agriculture
Rural Development

Becoming an Approved Lender

Single Family Housing Guaranteed Loan Program

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Training Objectives

- Where is the topic located?
 - * 7 CFR Part 3555 and HB-1-3555
- Learning Checks
- Resources

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Things change!

- Every effort has been made to ensure training references are accurate at the time of publication.
- Always reference the most recent USDA publications available online.

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Guaranteed Loan Program Regulation

7 CFR Part 3555

- The regulation is the rule!
- 8 Subparts: A – H
- Appendix 1

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7 CFR Part 3555

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- Administrative Notices
- Instructions
- Forms
- Spanish Forms, Form Letters and Guide Letters
- **Handbooks**
- Procedures, Notices
- Significant Guidance Documents
- Unnumbered Letters
- Federal Register Publications

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7 CFR Part 3555

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Handbooks

- **HB-4-3555 SFH Guaranteed Loan Program Technical Handbook**
- HB-1-3550 Direct Single Family Housing Loans and Grants - Field Office Handbook
- HB-2-3550 Direct Single Family Housing Loans and Grants - Centralized Servicing Center Handbook
- HB-1-3560 MFH Loan Origination Handbook
- HB-2-3560 MFH Asset Management Handbook
- HB-3-3560 MFH Project Servicing Handbook
- HB-1-3565 Guaranteed Rural Rental Housing Program Origination and Servicing Handbook
- Application Information Systems Support Handbook
- HB-1-3550 Direct Single Family Housing Loans and Grants - Field Office Handbook

Table of Contents

- 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 - Custodial and Real Estate Owned Property
- Chapter 20 - Loss Claims - Collecting on the Guarantee

Acronyms

Glossary

- **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
- Appendix 7 - Calvis Access Instructions
- Appendix 8 - EDI Documentation
- Appendix 9 - Penalties
- Appendix 10 - Unnumbered Letter and State Supplements



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7 CFR Part 3555

Subpart B: Lender Participation

- **.51: Lender eligibility**
- **.52: Lender approval**
- **.53: Contracting for loan origination**
- **.54: Sale of loans to approved lenders**

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Guaranteed Loan Program Technical Handbook

HB-1-3555

- Provides guidance to support the regulation
- HB is not the rule
- 20 Chapters

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HB-1-3555

HB-1-3555 SFH Guaranteed Loan Program Technical Handbook

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HB-1-3555

CHAPTER 3: LENDER APPROVAL

- 3.1 INTRODUCTION
- 3.2 LENDER APPROVAL CRITERIA
 - A. Approval from Another Recognized Source
 - B. Approval by Demonstrated Ability
 - C. Participation as an Agent of an Approved Lender
- 3.3 APPLICATION
- 3.4 AGENCY REVIEW
 - A. Approval of Application
 - B. Denial of Application
 - C. Record Retention
- 3.5 LENDER SALE OF GUARANTEED LOANS
- 3.6 LENDER RESPONSIBILITY
- 3.7 OUTREACH AND EDUCATION
 - A. Lenders
 - B. Agency

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HB-1-3555

- 3.8 MONITORING A LENDER'S ORIGINATION AND SERVICING OF LOANS
 - A. Compliance Reviews
 - B. Review Circumstances and Factors
 - C. Conducting Compliance Reviews
- 3.9 REVOKING LENDER ELIGIBILITY
- 3.10 VOLUNTARY WITHDRAWAL

ATTACHMENT 3-A: LENDER APPROVAL CHECKLIST
 ATTACHMENT 3-B: LENDER ELIGIBILITY GUIDE – New Lender/Renewing Lender
 ATTACHMENT 3-C: QUALITY CONTROL OVERVIEW – A Reference for Reviewing Quality Control Plans
 ATTACHMENT 3-D: NEW LENDER TRAINING
 ATTACHMENT 3-E: SFHGLP LENDER APPROVAL – Rural Development Review

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TIPS

- Underwriter = USDA Approved Lender
- USDA = not an underwriter
- Research Rule & HB questions: Table of Contents
- Research Rule & HB questions: Control + F

7 CFR Part 3555

supplemental social security income and Social Security benefits received in a lump sum.

(vii) Any earned income tax credit.

(viii) Adoption assistance in excess of any amount determined pursuant to HUD's definition of annual income at 24 CFR 5.609(c);

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Current eligibility designations [Section 3.2 of HB-3555 Chapter 3]: (Certification must be within the past 12 months)		
<input checked="" type="checkbox"/> Agency Certifications (Select applicable)	Preferred Method of Evidence/Certification (Submit as supplemental information)	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 165F, "Annual Eligibility Certification Report"	
<input type="checkbox"/> U.S. Department of Housing and Urban Development – Federal Housing Administration (HUD-FHA)	Lender must be 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." Lender cannot be a correspondent only.	
<input type="checkbox"/> U.S. Department of Veterans Affairs (VA)	Any Lender approved as a supervised or non-supervised "automatic" mortgagee with direct lending authority for VA.	
<input type="checkbox"/> State Housing Finance Agencies (SFHA)	Evidence that a private sector lender is approved by a SFHA to participate in SFHA programs does not represent an automatic approval to participate in the guaranteed program.	
<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.	Loan programs can be 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 Comptroller of the Currency; <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.	

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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.us.gov.usda.gov/Form/welcmeAction.do?Home?	<input type="checkbox"/>
2. Resume	Evidence of Underwriter's qualifications and experience in the industry.	<input type="checkbox"/>
3. Retail Lender – Spreadsheet	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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. Outline	<ul style="list-style-type: none"> A brief outline of underwriting criteria from the lender's internal loan policy manual. 	<input type="checkbox"/>
6. Statement	<ul style="list-style-type: none"> A statement agreeing to use forms approved by the Federal Housing Administration (FHA), Fannie Mae, or Freddie Mac, with a list of the forms to be used. (Do not submit the forms.) This statement can be included in the loan underwriting criteria. 	<input type="checkbox"/>
7. Quality Control Plan	General requirements for quality control plans: <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. 	<input type="checkbox"/>
8. Training Certification	Evidence of "New Lender Training" – see https://usdalinc.sc.gov.usda.gov/RHShome.do for one option available for mandatory new lender training. Review Section 3.2 of Chapter 3 for additional options available.	<input type="checkbox"/>

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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 acknowledgments 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>
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	USDA – Rural Development SFH/Guaranteed Loan Division STOP 0784, Room 2250-S 1400 Independence Avenue, SW Washington, D.C. 20250-0784
	Questions: 202.720.1452 Fax Number: 202.205.2476 202.720.8795

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**7 CFR PART 3555 / HB-1-3555
LEARNING CHECKS**

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Question Slide

“Topic”

- Question will be bulleted with scenario, or
- Include a statement/question

TRUE/FALSE or other answer options will be displayed

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ANSWER SLIDE

“Topic”

ANSWER: 7 CFR Part 3555 and HB-1-3555 references provided

X. Correct Response

- Additional guidance for clarification may be provided

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**LET'S
GET STARTED.**

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Becoming an approved lender

- Bixby Bank
- NCUA member
- This membership is recognized for lender approval

A. TRUE B. FALSE

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Becoming an approved lender
ANSWER: 3555.51(a)(7)(iii) and HB 3.2 B 4

A. TRUE

- NCUA is a federally regulated depository institution
- Additional approval criteria in Attachment 3-A applies

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Becoming an approved lender

- Doodle Bank
- Submitted lender approval package to USDA March 3rd
- Doodle Bank can begin originating loans on March 4th, but cannot close loans until they are officially approved by USDA

A. TRUE B. FALSE

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Becoming an approved lender

ANSWER: 3555.52(a), HB 3.1, 3.2 C, and 3.4 A

B. FALSE

- USDA must issue lender approval prior to origination activities
- Lender may participate in USDA program as a third party originator with an approved lender

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Becoming an approved lender

- Bixby Bank (approved lender) is purchased by Lincoln Lending (a non-approved lender)
- Bixby Bank may continue to originate USDA loans

A. TRUE B. FALSE

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Becoming an approved lender
ANSWER: 3555.52(a), 3555.52(b)(14), and HB 3.9

B. FALSE

- Lincoln Lending purchased Bixby, therefore Lincoln Lending must become an approved lender
- Bixby must ensure all loans in their current pipeline are closed properly
- Bixby must sell all USDA loans they hold to an approved USDA lender

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Becoming an approved lender

USDA may terminate an approved lender if they fail to meet any eligibility requirement at any time.

A. TRUE B. FALSE

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Becoming an approved lender

ANSWER: 3555.52(c)(1) and HB 3.9

A. TRUE

- Lenders that have a change in circumstance, lose approval with necessary entities, etc. may not meet eligibility requirements
- Lenders may also voluntarily withdraw their approval

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Becoming an approved lender

A complete lender application includes evidence of underwriter experience.

A. TRUE B. FALSE

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Becoming an approved lender
ANSWER: 3555.51(a)(9)(iii), HB 3.3, and Attachment 3-A
A. TRUE

- The lender must notify Rural Development if they fail to meet any requirements.
- Rural Development may terminate lender’s approval upon written request.

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Becoming an approved lender

Quality control plans are not required to be submitted if the lender is already approved through HUD or VA.

A. TRUE B. FALSE

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Becoming an approved lender

ANSWER: 3555.51(b)(20), HB 3.3, and Attachment 3-A

B. FALSE

- Quality control (QC) plans are required for all lenders
- QC plan must be in writing
- Outline procedures, forms, and checklists

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Becoming an approved lender

Quality Control Plan guidance is available in:

A. Attachment 3-B B. Attachment 3-C

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Becoming an approved lender
ANSWER: 3555.52, HB 3.4, and Attachment 3-A and 3-C
 B. Attachment 3-C

- Attachment 3-A includes information to address in the QC plan
- Attachment 3-C assists USDA and is helpful for lenders for plan review
- Separate origination from servicing procedures
- Underwriter plan should include basic skills/knowledge
- Escrow requirements for taxes and insurance must be addressed

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Becoming an approved lender

- Jackson Lending is located in Utah
- They are licensed in UT, MT, WY, CA, and CO
- Jackson must request USDA approval from UT due to their headquarters
- This approval will also be effective for MT, WY, CA, and CO

A. TRUE B. FALSE

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Becoming an approved lender

ANSWER: 3555.52, HB 3.3, and Attachment 3-A

B. FALSE

- Jackson may apply for National Approval
- This will enable them to participate in all licensed states
- Only one lender approval application package will be submitted

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Becoming an approved lender

- Orion Bank submits approval package
- FHA approval provided is dated March 2013
- This approval document is acceptable

A. TRUE B. FALSE

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Becoming an approved lender
ANSWER: 3555.51(a), HB 3.2 A, and Attachment 3-A
B. FALSE

- Approval documentation must be dated with 12 months of application

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Becoming an approved lender

- Orange Loans is eligible to originate and underwrite USDA loans
- They must contract servicing or sell loans to an approved USDA lender for servicing

A. TRUE B. FALSE

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Becoming an approved lender

ANSWER: 3555.51(a)(9)(iii), HB 3.2 B 2

A. TRUE

- Guaranteed loans must be serviced by USDA approved lenders
- Servicing eligibility must be approved

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WAY TO GO!

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https://public.govdelivery.com/accounts/USDARD/subscriber/new?qsp=USDARD_25

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