


USDA Rural Development  
U.S. DEPARTMENT OF AGRICULTURE

## Applicant Eligibility

Single Family Housing Guaranteed Loan Program  
(SFHGLP)

09/2020



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U.S. DEPARTMENT OF AGRICULTURE



## THE ZERO DOWN PAYMENT OPTION for Qualified Rural Homebuyers

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## 7 CFR 3555.151(a-d)

### §3555.151 Eligibility requirements.

(a) *Income eligibility.* At the time of loan approval, the household's adjusted income must not exceed the applicable moderate income limit. The lender is responsible for documenting the household's income to determine eligibility for the SFHGLP.

(b) *Citizenship status.* Applicants must provide evidence acceptable to the Agency of their status as United States citizens, U.S. non-citizen nationals, or qualified aliens, as defined in §3555.10.

(c) *Principal residence.* Applicants must agree and have the ability to occupy the dwelling as their principal residence. The Agency may require evidence of this ability. Rural Development will not guarantee loans for investment properties, or temporary, short-term housing.

(d) *Adequate dwelling.* The dwelling must be modest, decent, safe, and sanitary.



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## 7 CFR 3555.151(e)

(e) *Eligibility of current homeowners.* Current homeowners may be eligible for guaranteed home loans under this part if all the following conditions are met:

(1) The applicants are not financially responsible for another Agency guaranteed or direct home loan by the time the guaranteed home loan is closed;

(2) The current home no longer adequately meets the applicants' needs;

(3) The applicants will occupy the home financed with the SFHGLP loan as their primary residence;

(4) The applicants are without sufficient resources or credit to obtain the dwelling on their own without the guarantee;


(5) No more than one single family housing dwelling other than the one associated with the current loan request may be retained; and

(6) The applicants must be financially qualified to own more than one home. In order for net rental income from the retained dwelling to be considered for the applicant's repayment ability, the consistency of the rental income must be demonstrated for at least the previous 24 months, and the current lease must be for a term of at least 12 months after the loan is closed.



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Current home *must* no longer meet the applicants' need.

Must *not* be for convenience only!

HB-1-3555, 8.2A

- The current home owned no longer adequately meets the applicants' need. Manufactured housing units that are not fixed on a permanent foundation are considered functionally inadequate. The determination that the current home no longer adequately meets the applicant's needs must include documentation of a significant status change in the circumstances of the borrower that require immediate remedy. Examples of changes in status could include, but are not limited to:
  - Severe overcrowding which is defined as more than 1.5 household residents per room. The room count generally includes a living room, dining room, kitchen, den, recreation room, and bedroom(s). Room counts do not include the bathroom or an entry hall/foyer. The lender must obtain verification that overcrowding has existed for more than 90 days and will persist for at least nine (9) months into the future.
  - The disability or limited mobility of a permanent household resident that cannot be accommodated without substantial retrofitting of the current property, e.g., the installation of a ramp, an elevator or stair-lift, or extra-wide doors and hallways. Lender must obtain verification of the change in status, the existing property deficiencies, and the suitability of the new property.
  - The applicant is/has relocated with a new employer, or being transferred by the current employer to an area not within reasonable and locally recognized commuting distance.

In all cases, the lender must provide an additional explanation of the burden upon the applicant imposed by the status change both in the near and longer term, and also the reasons beyond homeowner convenience why the purchase of the property must be completed prior to the sale of the existing property. All documentation will be retained in the lender's permanent loan file and may be requested by the Agency upon review.


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## 7 CFR 3555.151(f-g)

(f) *Legal capacity.* Applicants must have the legal capacity to incur the loan obligation, or have a court-appointed guardian or conservator who is empowered to obligate the applicant in real estate matters.

(g) *Suspension or debarment.* Applicants who are suspended or debarred from participation in Federal programs under 2 CFR parts 180 and 417 are not eligible for loan guarantees.

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7 CFR 3555.151(j)

(j) *Obtaining credit.* The applicant must be unable to obtain traditional conventional mortgage credit, as defined by the Agency, for the subject loan.

HB-1-3555, 8.2B

**B. Obtaining Credit**

Form RD 3555-21, "Request for Single Family Housing Loan Guarantee" requires both the lender and the applicant to certify that the applicant is unable to secure credit from other sources upon terms and conditions which the applicant can reasonably fulfill. The certification can be made if the applicant does not meet the requirements to obtain a traditional conventional credit loan. Traditional conventional credit is defined for Agency purposes as:


- The applicant has available personal non-retirement liquid verifiable asset funds of at least 20% of the purchase price that can be used as a down payment;
- The applicant can, in addition to the 20% down payment, pay all closing costs associated with the loan;
- The applicant can meet qualifying ratios of no more than 28% PITI and 36% TD when applying the 20% down payment;
- The applicant demonstrates qualifying credit for such a loan. The conventional mortgage loan term is for a 30-year fixed rate loan term without a condition to obtain private mortgage insurance (PMI).

If the applicant meets the cumulative criteria of traditional conventional credit, as defined by the Agency above; the applicant is ineligible for the SFHGLP.

Retain supportive documentation in permanent case file.

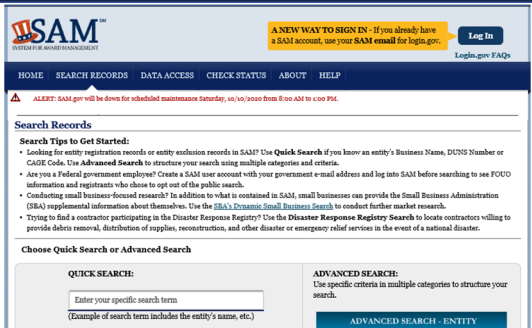
Liquid Assets =  
*Cash or Cash Equivalents*

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sam.gov



GUS "Additional Data"

Additional Data	Field	Value
Credit / Underwriting	Project Type	Select One
View Findings	Structure Type <sup>(f)</sup>	Detached Housing
Display Documents	Purchase is <sup>(f)</sup>	Existing
Upload Documents	Is a Repair Escrow Account Established? <sup>(f)</sup>	<input type="radio"/> Yes <input checked="" type="radio"/> No
Request Forms	Type of Repairs Escrowed <sup>(f)</sup>	Select One
USDA Administration	Escrow Repairs Completed By <sup>(f)</sup>	Select One
Activity History	Property is less than 12 months old and never occupied	<input type="checkbox"/>
GUS Reports	Is any party pertaining to this loan application debarred from doing business with the Federal government in the System for Award Management (SAM)? <sup>(f)</sup>	<input type="radio"/> Yes <input checked="" type="radio"/> No
Loan List	Date Checked on System For Award Management <sup>(f)</sup>	09/17/2020
Data Modified		System For Award Management(SAM)

7 CFR 3555.151(g) and HB-1-3555, 8.2E

Verify debarment at [sam.gov](https://sam.gov).

Record date on Form RD 3555-21.

Recheck verification if greater than 30 days at loan closing!

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7 CFR 3555.151(b)  
and HB-1-3555,  
8.2F

Obtain acceptable  
documentation and  
process request via  
the GUS.

GUS "Transaction Details – Declarations"

i. Are you a U.S. Citizen? <sup>(P)</sup> Homeowner, John ☒ Yes ☐ No

k. Are you a permanent resident alien? <sup>(P)</sup> Homeowner, John ☒ Yes ☐ No

GUS "Additional Data"

**GUS**

Borrower Name: Homeowner, John

Lender Loan Number: 6189944091

Application ID Number: 20401

[Additional Data](#) | [Buy](#)

- Eligibility
- Loan Terms
- Borrower
- Employment
- Income and Expenses
- Assets and Liabilities
- Transaction Details
- Additional Data
- Validate Application
- Credit / Underwriting
- View Findings
- Request Forms
- Loan List
- GUS User Guide

Homeowner, Mary

**Additional Borrower Information**  
(Check all that apply)

Applicant's Name	Response
Do you have a relationship with any Rural Development employee? <sup>(P)</sup>	Homeowner, John <input type="text" value="No Relationship"/>
	Homeowner, Mary <input type="text" value="Member of Family"/>
Are you a veteran? <sup>(P)</sup>	Homeowner, John <input type="radio"/> Yes <input checked="" type="radio"/> No
	Homeowner, Mary <input type="radio"/> Yes <input checked="" type="radio"/> No
Are you disabled? <sup>(P)</sup>	Homeowner, John <input type="radio"/> Yes <input checked="" type="radio"/> No
	Homeowner, Mary <input type="radio"/> Yes <input checked="" type="radio"/> No
Are you debarred from doing business with the federal government? <sup>(P)</sup>	Homeowner, John <input type="radio"/> Yes <input checked="" type="radio"/> No
	Homeowner, Mary <input type="radio"/> Yes <input checked="" type="radio"/> No

**Immigration / Naturalization Check**  
(The applicant indicated they are not a U.S. citizen. Immigration/Naturalization information must be provided.)

Homeowner, Mary

PREVIOUS
NEXT
SAVE
CLOSE
CANCEL

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# LEARNING CHECKS

7 CFR Part 3555 / HB-1-3555




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## QUESTION

*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

*Topic*

*7 CFR Part 3555 and HB-1-3555 references provided*

### **X. Correct Response**

- Additional guidance for clarification may be provided



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*Ready?*

LET'S GET  
STARTED!



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## QUESTION

### *Applicant Eligibility*

- As evidence of residency status, the applicant has provided the lender with a copy of I-765, "Employment Authorization Document", which expires in 5 years.
- This applicant is eligible for financing with a USDA loan?

A. YES

B. NO



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## ANSWER

*Applicant Eligibility*

*3555.151(b) and HB 8.2 B*

**B. NO**

Applicants must be a U.S. citizen, a U.S. non-citizen national, or a qualified alien.



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## QUESTION

*Applicant Eligibility*

- An applicant has 20 percent for a down payment and closing costs saved between their checking, savings, and 401(k) retirement account.
- The applicant is not eligible for a guaranteed loan.

**A. TRUE      B. FALSE**



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## ANSWER

### *Applicant Eligibility*

*3555.151(j) and HB 8.2 A*

### **B. FALSE**

Non-liquid assets such as a 401k retirement account are not included in funds available for a down payment.



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## QUESTION

### *Applicant Eligibility*

- Jane is in the military and she and her husband, Jack, have applied for a guaranteed loan.
- She will be deployed within 30 days of loan closing for a 12-month tour of duty while Jack resides in the subject dwelling.
- The required occupancy requirements will be met.

**A. TRUE    B. FALSE**



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**ANSWER***Applicant Eligibility*

3555.151(c), HB 8.2 C

**A. TRUE**

- Jack will reside in the property while Jane is deployed.
- The home will be Jane's primary residence when she returns post-deployment.



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**QUESTION***Applicant Eligibility*

If an applicant retains a home in addition to the one being financed with a guaranteed loan, rental income for repayment purposes must be received for a minimum of \_\_\_\_\_ months.

- A. 12
- B. 6
- C. 24
- D. 36



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## ANSWER

*Applicant Eligibility*

3555.152(b)(2), HB 9

### C. 24 months

A minimum of 24 months rental history must be documented for income to be included and the current payment excluded.



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## QUESTION

*Applicant Eligibility*

- Ally has \$25,000 in her savings account.
- The purchase price is \$155,000 with closing costs of \$3500 (excluding the upfront guarantee fee.)
- Ally does not qualify due to her assets.

A. TRUE    B. FALSE



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**ANSWER***Applicant Eligibility**3555.151 (j) and HB 8.2 A***A. FALSE**

- $\$155,000 \times 20\% = \$31,000$
- $\$31,000 + \$3,500 \text{ closing costs} = \$34,500$

Ally only has \$25,000; therefore, she is unable to obtain convention financing as indicated in HB 8.2 A.



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**QUESTION***Applicant Eligibility*

- Judy is a current USDA guaranteed loan borrower.
- She wishes to purchase a new home with a guaranteed loan with a closing date of July 14.
- The sale of her current home is scheduled to close on August 30.
- Judy is eligible for a guaranteed loan.

A. TRUE    B. FALSE



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## ANSWER

### *Applicant Eligibility*

3555.151 (e)(1), HB 8.A

#### **A. FALSE**

- Applicants may have only **one** guaranteed or direct loan at one time.
- Judy must close on the sale of her current guaranteed home before she can complete the purchase of the new home.



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## QUESTION

### *Applicant Eligibility*

USDA must ensure that there is a bedroom for each household dependent in order for the home to be considered adequate for the household.

A. TRUE      B. FALSE



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## ANSWER

### *Applicant Eligibility*

3555.151(e)(2), HB 8.2 A

### **B. FALSE**

USDA does not require a minimum number of bedrooms in the subject dwelling.



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## QUESTION

### *Applicant Eligibility*

Which GUS application page allows the lender to enter non-U.S. Citizen documentation for program eligibility verification?

- A. Credit/Underwriting
- B. Borrower
- C. Additional Data
- D. Loan Terms



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## ANSWER

### *Applicant Eligibility*

3555.151 (e)(1), HB 8.A

### **C. Additional Data**



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## QUESTION

### *Applicant Eligibility*

- George wishes to buy a \$135,000 home.
- The transaction will include \$5,000 in closing costs.
- His assets include \$150,000 in 401k, \$45,000 in IRA, and \$35,000 in savings.
- George wants the guaranteed loan because he will use \$20,000 of his savings to renovate the new home.
- George is eligible for a guaranteed loan?

A. YES

B. NO



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## ANSWER

### *Applicant Eligibility*

3555.151 (j) and , HB 8.2 A

#### **B. NO**

- George has adequate funds for a 20% down payment.
- Funds may not be put aside for other purposes such as repairs and renovation.



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## QUESTION

### *Applicant Eligibility*

- Jerry and Connie have found a home that will be closer to both of their places of employment as well as to their children's elementary school.
- They would like to retain their current residence and purchase the new home with a guaranteed loan.
- This scenario is eligible?

A. YES

B. NO



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## ANSWER

*Applicant Eligibility*

3555.151 (e) and , HB 8.2 A

### B. NO

The lender must document the burden upon the applicant for the move beyond homeowner convenience.



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*Way to Go!*

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LEARNING CHECK  
COMPLETED!



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<https://www.rd.usda.gov/resources/regulations/program-regulations>

**Subpart D—Underwriting the Applicant**

**§3555.151 Eligibility requirements.**  
**§3555.152 Calculation of income and assets.**  
**§3555.153-3555.199 [Reserved]**  
**§3555.200 OMB control number.**

Navigate through these resources and tools like an expert!

Take the “Program Overview Training”

Available on the USDA LINC:  
<https://www.rd.usda.gov/page/usda-linc-training-resource-library>

<https://rd.usda.gov/resources/directives/handbooks>


**HB-1-3555 SFH GUARANTEED LOAN PROGRAM TECHNICAL HANDBOOK**

A consolidated version of the handbook is available. [HB-1-3555](#) is a large document and may take sometime to load.

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**Chapter 1** - Overview  
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**Chapter 7** - Loan Terms and Conditions  
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**Chapter 9** - Income Analysis  
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**Chapter 11** - Ratio Analysis  
**Chapter 12** - Property and Appraisal Requirements

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

TOPIC	CONTACT
File-Specific Questions Information to include in email: <ul style="list-style-type: none"> <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>	Production Team One: <a href="mailto:SFHGLPONE@usda.gov">SFHGLPONE@usda.gov</a> AK, AL, AZ, CA, CO, GU, HI, IA, ID, KS, MT, NM, NV, OR, SD, TX, UT, WA, WI, WY, WY Production Team Two: <a href="mailto:SFHGLPTWO@usda.gov">SFHGLPTWO@usda.gov</a> AR, KY, LA, MN, MO, MS, ND, NE, NJ, NY, OK Production Team Three: <a href="mailto:SFHGLPTTHREE@usda.gov">SFHGLPTTHREE@usda.gov</a> CT, DE, GA, IL, MA, MD, ME, MI, NC, NH, RI, SC, VT, WV Production Team Four: <a href="mailto:SFHGLPTFOUR@usda.gov">SFHGLPTFOUR@usda.gov</a> FL, IN, OH, PA, PR, TN, VA, VI
Lender Approval	<a href="mailto:sfhglp.compliance@usda.gov">sfhglp.compliance@usda.gov</a>
Lender Recertification	<a href="mailto:sfhglp.compliance@usda.gov">sfhglp.compliance@usda.gov</a>
Program Training	<a href="mailto:sfhglp.lenderpartner@usda.gov">sfhglp.lenderpartner@usda.gov</a>
Program Marketing & Outreach	<a href="mailto:sfhglp.lenderpartner@usda.gov">sfhglp.lenderpartner@usda.gov</a>
General Loan Scenario Questions	<a href="mailto:sfhglp.program@usda.gov">sfhglp.program@usda.gov</a>
Loan Policy/Regulation/Handbook	<a href="mailto:sfhglp.program@usda.gov">sfhglp.program@usda.gov</a>
Loan Servicing	<a href="mailto:sfhglp.servicing@usda.gov">sfhglp.servicing@usda.gov</a>
Technical Issues: e-Authentication	<a href="mailto:sAuthHelpDesk@hc.usda.gov">sAuthHelpDesk@hc.usda.gov</a> 800-457-3642, option 1 (USDA e-Authentication Issues)
Technical Issues: GUS	<a href="mailto:RD.HD@STL.USDA.GOV">RD.HD@STL.USDA.GOV</a> 800-457-3642, option 2 (USDA Applications); then option 2 (Rural Development)
Loss Claims	<a href="mailto:guarantee.svc@stl.usda.gov">guarantee.svc@stl.usda.gov</a>
Monthly & Quarterly Status Reporting	<a href="mailto:rd.nfaoc.hsb@stl.usda.gov">rd.nfaoc.hsb@stl.usda.gov</a>
GUS User Agreements	<a href="mailto:rd.nfaoc.hsb@stl.usda.gov">rd.nfaoc.hsb@stl.usda.gov</a>

**TOOLS & RESOURCES**

Regulation and Handbook: <https://www.rd.usda.gov/resources/directives>  
 Lender Webpage—Turn times, contact information, and helpful links: <https://www.rd.usda.gov/page/sfh-guaranteed-lender>  
 USDA LINC—Training modules, user guides, and more useful resources: <https://www.rd.usda.gov/programs-services/lenders/usda-linc-training-resource-library>  
 GovDelivery—Receive notifications regarding origination, servicing, and GUS updates: <https://public.govdelivery.com/accounts/USDAUSD/subscriber/new>

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