




USDA United States Department of Agriculture
Rural Development

Applicant Eligibility

Single Family Housing Guaranteed Loan Program

1




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Training Objectives

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

2




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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.

3



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Guaranteed Loan Program Regulation

7 CFR Part 3555

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

4

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7 CFR Part 3555

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- Overview
- Fact Sheets
- Regulations & Guidelines**
- Reports
- Dispute Appeals
- Publications for Cooperatives
- Rural Cooperatives Magazine
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Rural Development

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

5

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7 CFR Part 3555

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Home / Publications / Regulations & Guidelines / Handbooks

Publications

- Overview
- Fact Sheets
- Regulations & Guidelines**
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- Dispute Appeals
- Publications for Cooperatives
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Handbooks

- 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-4-3555 SFH Guaranteed Loan Program Technical 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

HB-4-3555 SFH Guaranteed Loan Program Technical 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

6




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7 CFR Part 3555

3555.151 Eligibility requirements.

- (a) Income eligibility.
- (b) Citizenship status.
- (c) Principal residence.
- (d) Adequate dwelling.
- (e) Eligibility of current homeowners.
- (f) Legal capacity.
- (g) Suspension or debarment.
- (h) Repayment ability.
- (i) Credit qualifications.
- (j) Obtaining credit.

7




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7 CFR Part 3555: 3555.151

Sec. 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 Sec. 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.

8




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7 CFR Part 3555: 3555.151

(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.

9




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7 CFR Part 3555: 3555.151

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


10



Guaranteed Loan Program Technical Handbook
HB-1-3555

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

11



HB-1-3555

HB-1-3555 SFH Guaranteed Loan Program Technical Handbook

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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
- Chapter 7** - Loan Terms and Conditions
- Chapter 8** - Applicant Characteristics
- Chapter 9** - Income Analysis
- Chapter 10** - Credit Analysis
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- Chapter 14** - Funding Priorities
- Chapter 15** - Submitting the Application Package
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12




HB-1-3555: Chapter 8

CHAPTER 8: APPLICANT CHARACTERISTICS

- 8.1 INTRODUCTION
- 8.2 APPLICANT ELIGIBILITY REQUIREMENTS
 - A. Owning a Dwelling
 - B. Obtaining Credit
 - C. Occupying the Property
 - D. Having a Legal Capacity
 - E. Not Having a Suspension or Debarment
 - F. Having Acceptable Citizenship or Immigration Status
- 8.3 TRUTHFUL APPLICATION
- 8.4 ACCESS STEPS TO SAVE

ATTACHMENT 8-A SAVE System Access by Agency Employees

13



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);


14



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

15



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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

16



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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


17



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LET'S GET STARTED.

18




Applicant eligibility

- John marries Jane
- Jane and her 5 children cannot fit in his 2 bedroom home
- John applies for guaranteed loan, but he will retain his current dwelling
- John is not eligible a guaranteed loan

A. TRUE B. FALSE

19




Applicant eligibility

ANSWER: 3555.151(e)(2) and HB 8.2 A

B. FALSE

- A 2 bedroom home is inadequate for a household of 7
- Overcrowding would exist in the current dwelling
- The current home PITI must be included in the total debt ratios
- Retained home may not be financed with USDA

20




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Applicant eligibility

- Jane is an active duty military applicant applying for a guaranteed loan with her husband Jack
- She will be deployed within 30 days for a 12 month tour of duty, Jack will remain in the home
- The required occupancy requirements are met

A. TRUE B. FALSE

21



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Applicant eligibility

ANSWER: 3555.151(c), HB 8.2 C

A. TRUE

- Jack will reside in the property while Jane is deployed
- This home will be Jane's primary residence as well. She will return post-deployment

22




Applicant eligibility

- Household of 3: 2 adults and 1 child (3 years)
- HHM 1: \$55,000 and HHM 2: \$27,000 = \$82,000
- Annual childcare expenses: \$8,500
- Adjusted annual income for 1-4 HHM: \$75,650
- The household is over the income limit and ineligible

A. TRUE B. FALSE

23




Applicant eligibility

ANSWER: 3555.151(a), HB 9.1

B. FALSE

- \$82,000 - \$8,500 (childcare) - \$480 (dependent deduction) = \$73,020 adjusted annual income
- \$73,020 is below the limit of \$75,650
- Adjusted annual income determines program eligibility
- Refer to the **Adjusted Annual Income** training module

24




Applicant eligibility

- Judy is a current guaranteed loan borrower
- She wishes to purchase a new dwelling with a guaranteed loan on July 14th
- The sale of her current home will close August 20th
- Judy is eligible for a guaranteed loan

A. TRUE B. FALSE

25




Applicant eligibility

ANSWER: 3555.151(e)(1), HB 8.2A

B. FALSE

- Applicants may only have one guaranteed or direct loan at a time
- Judy must close on the sale of her current guaranteed home before she purchases the new home

26




Applicant eligibility

- Rob owns a home: 2 bedroom, 1 bathroom
- Rob recently married and now has 3 children
- Rob has rented his home for 1 year and moved to a larger rental home that he now wishes to buy with a guaranteed loan
- Rob can use the rental income to qualify for a guaranteed loan

A. TRUE B. FALSE

27




Applicant eligibility

ANSWER: 3555.151(e)(6), HB 8.2 A

B. FALSE

- Rob must have a minimum 24 month rental history to include this income and exclude the current payment
- Rob appears to meet all other requirements of 3555.151(e)

28




Applicant eligibility

- Ricky is a resident of the Republic of the Marshall Islands
- He is moving to California and applies for a guaranteed loan
- Ricky is not a U.S. Citizen, and is ineligible for a guaranteed loan

A. TRUE B. FALSE

29



Applicant eligibility

ANSWER: 3555.151(b) and HB 8.2 F

B. FALSE

Applicants must have acceptable evidence they are:

- U.S. citizens
- U.S. non-citizen nationals, or
- Qualified aliens

30

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SAVE: Systematic Alien Verification for Entitlement

- USDA personnel access SAVE directly: Attachment 8-A
- Lenders enter applicable data in GUS: Additional Data application page for non-U.S. citizen eligibility

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

1

1. Select the "Insert Immigration Info"

31

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SAVE: Systematic Alien Verification for Entitlement

2. Select the appropriate documentation type

Immigration Forms

The Single Family Housing Guaranteed Loan Program may not permit loans to be guaranteed unless the non-permanent alien is deemed to be a qualified alien. Lenders must secure proof of identity and evidence that non-citizens who apply for a guaranteed loan are qualified aliens. Lenders are required to obtain one of the documents listed below. Once the document is selected multiple selections are not permitted; users may "SAVE" the page and select "BACK" to return to the Additional Data page in GUS. Note: The Additional Data page will re-display and require additional fields to be completed by the lender in the Immigration / Naturalization Check section of the page. These additional fields must be completed by the lender prior to selecting the "Verify Eligibility via SAVE" pushbutton.


borrower: **America Amy**

Documentation that a Non-Citizen is a Qualified Alien

<input type="checkbox"/>	CS Form I-551: "Alien Registration Receipt Card" (for permanent OR conditional resident aliens)	2
<input type="checkbox"/>	CS Form I-766: "Employment Authorization Document," with the annotation A3	
<input type="checkbox"/>	CS Form I-766: "Employment Authorization Document," with the annotation A5	
<input type="checkbox"/>	CS Form I-766: "Employment Authorization Document," with the annotation A10	
<input type="checkbox"/>	CS Form I-571: "Refugee Travel Document"	
<input type="checkbox"/>	CS Form I-94: Arrival-Departure Record, with the annotation "Admitted as Refugee Pursuant to Section 207"	
<input type="checkbox"/>	CS Form I-94: Arrival-Departure Record, with the annotation "Section 208" or "Asylum"	
<input type="checkbox"/>	CS Form I-94: Arrival-Departure Record, with the annotation "Section 243(h)" or "Deportation stayed by Attorney General"	
<input type="checkbox"/>	CS Form I-94: Arrival-Departure Record, with the annotation "Paroled Pursuant to Section 212(d)(5) of the INA"	
<input type="checkbox"/>	CS Form I-94: Arrival-Departure Record, with the annotation "Admitted Under Section 205(a)(7) of the INA"	
<input type="checkbox"/>	Form I-94: Arrival-Departure Record, with no annotation, accompanied by a final court decision granting asylum (providing no appeal taken)	
<input type="checkbox"/>	Form I-94: Arrival-Departure Record, with no annotation, accompanied by a letter from a CIS asylum officer granting asylum (if application is filed on or after October 1, 1995) or from a CIS district director granting asylum (if application is filed on or before October 1, 1995)	
<input type="checkbox"/>	Form I-94: Arrival-Departure Record, with no annotation, accompanied by a court decision granting withholding of deportation	
<input type="checkbox"/>	Form I-94: Arrival-Departure Record, with no annotation, accompanied by a letter from an asylum officer granting withholding of deportation (if application filed on or after October 1, 1995)	
<input type="checkbox"/>	Receipt: A receipt issued by the CIS indicating that an application for issuance of a temporary document in one of the above-listed categories has been made and the applicant's entitlement to the document has been verified.	
<input type="checkbox"/>	Jay Treaty: Documentation in accordance with 18-1-3055 Chapter 6.2F for Native Americans in the United States under the Jay Treaty	
<input type="checkbox"/>	SAVE: Verification (Systematic Alien Verification for Entitlements) has Determined that the applicant is a qualified alien.	

32

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SAVE: Systematic Alien Verification for Entitlement

3. Complete applicable data fields based on documentation selected
4. Submit for result

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

4


Alien Identification Number

Card Number

Document Expiration Date

33

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Applicant eligibility

- Applicant Joshua L. Smith
- Lender must ensure Joshua is not debarred from doing business with the Federal Government
- Which system should the lender use

A. SAM B. SAVE


34



Applicant eligibility
ANSWER: 3555.151(g) and HB 8.2 E
 A. SAM

- SAM = System for Award Management
- Operated under U.S. General Services Administration (GSA)
- Applicants may not be suspended or debarred from participation in Federal programs


35




SAM: System for Award Management

1. Log on: www.sam.gov or
2. Access SAM site in GUS from “Additional Data” application page. Lender makes selections, not GUS.

System for Award Management (SAM) Yes No
 indicates a party to the transaction is debarred from business with the Federal government. ^(F)

Date Checked on System For Award Management ^(F)  [System For Award Management\(SAM\)](#)

36




Applicant eligibility

- Ally has \$25,000 in her savings account
- Purchase price of her home is \$155,000
- Closing costs (excluding upfront guarantee fee): \$3,500
- Ally does not qualify due to her assets

A. TRUE B. FALSE

37




Applicant eligibility

ANSWER: 3555.151(j) and HB 8.2 A

B. 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 conventional financing as indicated in HB 8.2 A

38




Applicant eligibility

- George wishes to buy a \$135,000 home, \$5,000 closing costs
- Assets include: \$150,000 in 401k, \$45,000 in IRA, and \$35,000 in savings account
- 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. TRUE B. FALSE

39



Applicant eligibility

ANSWER: 3555.151(j) and HB 8.2 A

B. FALSE

- $\$135,000 \times 20\% \text{ downpayment} = \$27,000$
- $\$27,000 + \$5,000 \text{ closing costs} = \$32,000$
- George has \$35,000 in savings
- The 401k and IRA are not considered for conventional eligibility due to penalties/non-liquid
- George cannot “ earmark ” funds for repairs, renovation, or debt payment

40




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WAY TO GO!

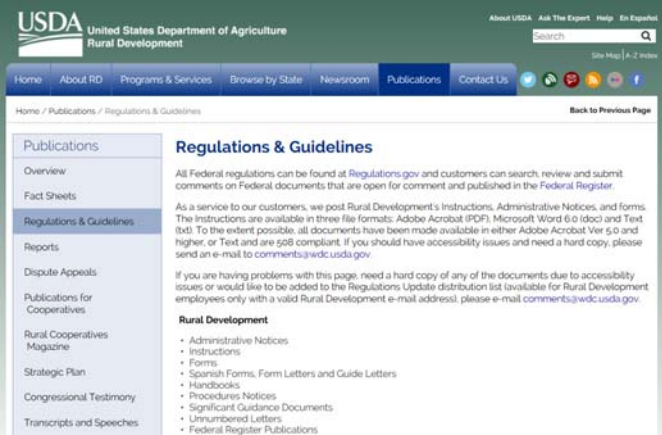
41



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- Handbooks
- Procedures Notices
- Significant Guidance Documents
- Unnumbered Letters
- Federal Register Publications


42

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Submit Cancel

43

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44



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