Applicant Eligibility

Single Family Housing Guaranteed Loan Program (SFHGLP)
The ZERO Down Payment Option for Qualified Rural Homebuyers
• 7 CFR 3555.151 (a-d)
• 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.
Applicant Eligibility - Temporary Waiver

• Beginning May 20, 2022, and extending for a 12-month period, USDA will temporarily revise Chapter 8 paragraph F “Having Acceptable Citizenship or Immigration Status [7 CFR 3555.151(b)]” of the SFHGLP Handbook as follows: individuals with a valid social security number and valid Employment Authorization Document (EAD), such as Form I-766, issued by the U.S. Department of Homeland Security, are eligible to participate in the SFHGLP.

• SAVE will continue to be utilized to determine eligibility through GUS. The codes have been modified to reflect the expanded eligibility.
• 7 CFR 3555.151 (e) – Retaining Ownership of Another Property

• (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.
Current home *must* no longer meet the applicants’ need.

Must *not* be for *convenience* only!

### Handbook Chapter 8.2 A

The current home owned no longer adequately meets the applicants’ needs. Examples include, but are not limited to:

- Relocation due to a new job opportunity.
- Requires a larger home to provide for a growing family.
- Obtaining a divorce and the ex-spouse will retain the dwelling.
- Is a non-occupying co-owner or co-borrower on another mortgage loan and wants to purchase their own dwelling.
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.

Unable to Secure Conventional Credit

1. Has personal non-liquid asset funds of at least 20%
2. Can pay all closing costs associated with the loan, in addition to the 20% down
3. Meets qualifying ratios of no more than 28% PITI and 36% TD
4. Demonstrates qualifying credit for such a loan
5. Conventional loan is 30yr fixed rate with no PMI

ALL must be true
7 CFR 3555.151(g) and HB-1-3555, 8.2E

Verify debarment at sam.gov.

Record date on Form RD 3555-21.

Recheck verification if greater than 30 days at loan closing!
Obtain acceptable documentation and process request via the GUS.
LEARNING CHECKS

7 CFR Part 3555 / HB-1-3555
• 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
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.
• 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
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.
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
A minimum of 24 months rental history must be documented for income to be included and the current payment excluded.
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
3555.151 (j) and HB 8.2 A

A. FALSE

- $155,000 \times 20\% = $31,000
- $31,000 + $3500 closing costs = $34,500

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

USDA does not require a minimum number of bedrooms in the subject dwelling.
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
3555.151 (e)(1), HB 8.A

C. Additional Data
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
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.
Way to Go!

LEARNING CHECK COMPLETED!
Navigate through these resources and tools like an expert!

Take the “Program Overview Training”


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.

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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Have a question on POLICY?
Contact the PAC team!

Need TRAINING?
Contact the LPA team!

Have a question on a SPECIFIC FILE?
Contact the OPD!