Welcome to the Applicant eligibility training module presented by USDA’s Single Family Housing Guaranteed Loan Program.
Once a homebuyer finds the perfect home, it’s time to find the best loan option to meet their needs.

For rural homebuyers, the Single-Family Housing Guaranteed Loan Program may be the perfect fit.

This training module will assist you in determining whether an applicant meets the criteria for obtaining a guaranteed loan.
3555.151 outlines the eligibility requirements an applicant must meet to be considered for a guaranteed loan.

- Their adjusted annual household income may not exceed the limit for the State and County where the property they wish to purchase is located.
- The applicants must be U.S. Citizens or be qualified aliens with eligible documentation.
- The applicant must also certify they will reside in the purchased dwelling as their primary residence.
- Guaranteed loans are not eligible to be used to purchase investment, rental properties, or other ineligible properties. In addition, the dwelling must be modest, safe, and sanitary.
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.

• If an applicant currently owns a home, additional requirements may apply.
• The applicant cannot retain a home that is currently financed with a Rural Development
direct or guaranteed loan and the current home must not meet the applicant’s current
housing needs.
• The applicant must agree to occupy the new home as their primary residence and the
applicant must be without sufficient resources to purchase a home without the need for
the guaranteed loan.
• The applicant may only retain ownership in one single family home in addition to the
new home being financed with a guaranteed loan.
• If the applicant is eligible to retain their current home, they must be financially qualified.
• If the applicant has been renting the retained home for a minimum of 24 months and
has a lease agreement to confirm the receipt of rental payments for a minimum of 12
months after loan closing, then the current mortgage liability may be omitted from the
debt ratio calculation.
• As mentioned in the previous slide, the current home must no longer meet the needs of the applicant and immediate resolution is needed.

• HB-1-3555, 8.2A further defines adequate housing and provides examples that could require immediate resolution. The examples include, but are not limited to:
  • Severe overcrowding, which is defined as more than 1.5 residents per room.
  • The current home may no longer meet the needs of the household due to the disability of a permanent member of the household.
  • The applicant has been relocated for a job outside of a reasonable commuting distance.
  • These are just a few examples, but keep in mind that the reason for the new home purchase cannot be for homeowner convenience only.
• Applicants must have the legal capacity to incur the loan obligation.
• They may not be suspended or debarred from participation in Federal programs.
• And the applicant must be unable to obtain conventional credit as defined by the Agency, which is typically having a 20 percent down payment from their own liquid funds, plus all money required for closing costs.
• The applicant must also meet the ratio and credit requirements listed here.
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!

- SAM stands for the System for Award Management and is operated under the U.S. General Services Administration (GSA).
- Applicants that have a claim filed against them by other Federal agencies will be ineligible to receive additional U.S. Government benefits until the suspension or debarment is satisfied.
- SAM.gov publishes an exclusion file used by many organizations for screening and/or compliance purposes.
- SAM may be accessed online at www.sam.gov or from a link provided in the Guaranteed Underwriting System (GUS) on the “Additional Data” application page.
- When SAM is checked, the lender will respond accordingly to the questions in the GUS. An incorrect data entry may render an “Ineligible” underwriting recommendation.
- The check should be completed no more than 30 days from loan closing.
USDA offers lenders an online database that is incorporated into the GUS which allows for an eligibility check of non-U.S. citizens.

After the “Are you a US Citizen” box is checked “no” on the GUS “Transaction Details” page, lenders may enter the data from the documentation confirming a qualified status directly into the “Immigration Naturalization Check” data fields on the GUS “Additional Data” page.

When all required fields are completed, the GUS will display the rendered determination of eligibility.

If additional information or research is required, please contact a USDA representative for assistance.
The best way to learn information is to test your knowledge!
• Question will be bulleted with scenario, or
• Include a statement/question

TRUE/FALSE or other answer options will be displayed

The following question slides will list:

• The topic,
• A question or scenario, and
• potential responses.
**ANSWER**

*Topic*

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

**X. Correct Response**

- Additional guidance for clarification may be provided

The answer slides will list:

- The topic,
- the reference to the answer from the regulation and handbook,
- the correct response, and
- any additional clarification that may be helpful.
Ready?

LET’S GET STARTED!

Let’s get started!
• 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

Read the question on the slide and select a response.
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.

No.
- Applicants must provide evidence acceptable to the Agency of their status as a U.S. citizen, U.S. non-citizen national, or qualified alien in order to be eligible for USDA financing.
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

Read the question on the slide and select a response.
B. FALSE

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

False.

• The applicant must have at least 20% personal funds from non-retirement liquid assets, as well as have funds available for all closing costs associated with the loan.
• 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

Read the question on the slide and select a response.
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.

True.
• Jack is part of the household and will reside in the home as his primary residence while Jane is deployed.
• When Jane’s deployment ends, she will also live in the residence as her primary residence.
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  

Read the question on the slide and select a response.
C. 24 months

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

C.
- 24 months of rental income history plus an executed lease to document rent to be received for the upcoming 12 months is required.
- When applicants can demonstrate rental income is stable and dependable, as evidenced and documented with the most recent two years tax returns and a copy of the current executed lease that has been signed by all parties, the net rental income can be considered for repayment ratios.
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 X 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.

False.
- 20 percent of $155,000 is $31,000 plus $3,500 for closing costs would require a total cash investment of $34,500.
- Ally only has $25,000, Therefore, she does not have the required cash to qualify for a typical conventional loan as defined by USDA in handbook 8.2 A.
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

Read the question on the slide and select a response.
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.

False.
- An applicant may only have one Rural Development direct or guaranteed loan at a time.
- Judy must close on her current home financed with a guaranteed loan before she can close on the new purchase.
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

Read the question on the slide and select a response.
3555.151(e)(2), HB 8.2 A

B. FALSE

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

False.
- USDA does not require a minimum number of bedrooms for the subject dwelling.
- However, the current home may no longer adequately meet the applicants’ needs.
- The determination that the current home no longer adequately meets the applicant’s needs must include documentation of a significant change in circumstances of the borrower that require an immediate remedy.
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

Read the question on the slide and select a response.
C. Additional Data

• Residency verification is entered on the Additional Data application page.
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

Read the question on the slide and select a response.
No.
The transaction would require a 20 percent down payment of $27,000 plus the $5,000 of closing costs, for a total investment of $32,000.
George has $35,000 in liquid savings.
The 401k and IRA accounts are retirement assets and therefore are excluded from consideration for down payment and closing costs.
Deducting funds from eligible liquid assets for purposes such as renovation, repair, furnishings, debt payment, etc... is not authorized under the regulations.

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.
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

Read the question on the slide and select a response.
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.

No.
• In all cases, the lender must provide evidence for reasons beyond homeowner convenience why the purchase of the property must be completed prior to the sale of the existing property.
Way to Go!
LEARNING CHECK
COMPLETED!

Way to go! You have completed the learning checks!
• This training module has provided you with an overview of the key requirements of Applicant Eligibility.
• Complete program requirements and guidance can be found in 7 CFR Part 3555, Subpart D, Section 3555.151 and Chapter 8 of HB-1-3555.
• Be sure to bookmark these references, save yourself valuable time by using Cntrl-F to quickly search and find answers, and always ensure you are referencing the most current publications.
• The “Program Overview Training” module will assist you in learning how to navigate through all the resources and tools Rural Development has created to assist you.
Users should first look for answers to their questions in the regulation and handbook, but if you still have a question after reviewing your resources, we’re here to help.

All policy and regulation questions regarding the topic we just covered should be sent to our Policy, Analysis, and Communications Branch and

If you would like to request additional program training, contact our Lender and Partner Activities Branch.
Thank you for supporting the USDA Single Family Housing Guaranteed Loan Program and America’s rural homebuyers!
This will conclude the training module. Thank you and have a great day!