

Single Family Housing Guaranteed Loan Program



Training Objectives

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



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.

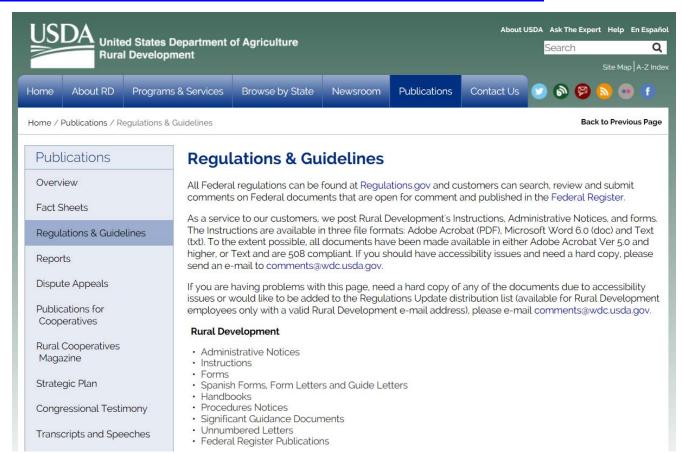


Guaranteed Loan Program Regulation 7 CFR Part 3555

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



http://www.rd.usda.gov/publications/regulations-guidelines







HB-1-3555 SFH Guaranteed Loan Program Technical Handbook

Table of Contents

- Chapter 1 Overview
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- 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 Caivrs Access Instructions
- Appendix 8 EDI Documentation
- Appendix 9 Penalties
- Appendix 10 Unnumbered Letter and State Supplements



Subpart C: Loan Requirements

- .101: Loan purposes
- .102: Loan restrictions
- .103: Maximum loan amount
- .104: Loan terms
- .105: Combination construction and permanent loans
- .107: Application for and issuance of loan guarantee
- .108: Full faith and credit



3555.101 Loan purposes.

- (a) Eligible purposes.
- (b) Eligible costs.
- (c) Combination construction and permanent loan.
- (d) Refinancing.



a. Eligible purposes

- New dwellings
- Existing dwellings
- Repairs for existing dwelling
- Relocation of existing dwelling



b. Eligible costs

- Essential household equipment, energy saving items
- Site prep: grading, foundation, landscape, fences
- Special design features to accommodate physical disabilities



b. Eligible costs

Reasonable loan expenses/closing costs:

- Legal, architectural, engineering
- Title exam, clearance, insurance
- Transfer taxes, recording fees
- Appraisal, inspection, survey, etc.
- Homeownership education



b. Eligible costs

Reasonable loan expenses/closing costs:

- Discount points to permanently reduce interest rate
- Eligible fees that do not exceed FHA, VA, or affordable lending guidelines
- Escrow account: taxes and insurance
- Upfront guarantee fee
- Escrow account: annual fee, cushion up to 2 months



- c. Combination construction and permanent loan
- 3555.105, HB-1-3555 Chapter 12
- Refer to Combination construction and permanent loan training module

d. Refinancing

- Streamlined, Non-Streamlined, and Streamlined-Assist
- HB-1-3555 Chapter 6
- Refer to Refinance training module



3555.102 Loan restrictions.

- (a) Existing manufactured home.
- (b) Income producing land or buildings.
- (c) Business or income producing enterprise.
- (d) Loan discount points.
- (e) Refinancing.
- (f) Buydown.
- (g) Lease.
- (h) Seller concessions.

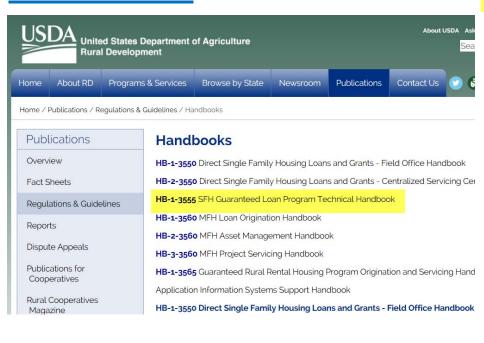


Guaranteed Loan Program Technical Handbook HB-1-3555

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



HB-1-3555



HB-1-3555 SFH Guaranteed Loan Program Technical Handbook

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- Appendix 1 7 CFR part 3555
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HB-1-3555

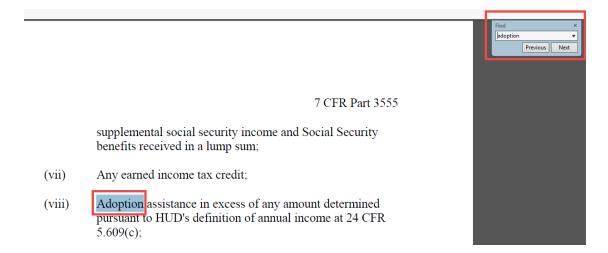
CHAPTER 6: LOAN PURPOSES

- 6.1 INTRODUCTION
- 6.2 ELIGIBLE LOAN PURPOSES
 - A. Acquiring a Site and Dwelling
 - B. Repairs and Rehabilitation
 - Reasonable and Customary Expenses Associated with Purchasing a Dwelling
 - D. Refinance
 - E. Supplemental Loans
- 6.3 PROHIBITED LOAN PURPOSES
- 6.4 AGENCY REVIEW OF LOAN PURPOSES



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 / HB-1-3555 LEARNING CHECKS



Question Slide

"Topic"

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

TRUE/FALSE or other answer options will be displayed



ANSWER SLIDE

"Topic"

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

X. Correct Response

Additional guidance for clarification may be provided







USDA has published internal thresholds allowable for lender points, fees, and charges.

A. TRUE B. FALSE



ANSWER: 3555.101(b), HB 6.2 C

B. FALSE

- USDA requires lenders to follow Federal and State laws
- Consumer Financial Protection Bureau (CFPB) publishes guidelines



- SFH residence with 10 acre tract
- Includes a separate building: vehicle repair shop
- Shop includes 4 repair bays with hydraulic lifts and tools
- This is an eligible property

A. TRUE B. FALSE



ANSWER: 3555.102(c), HB 6.3

B. FALSE

- The vehicle repair shop is a separate commercial building
- Guaranteed loans are for properties that are primarily residential in character, design, and use
- See also: Site Requirements training module



Which of the following is not an eligible loan purpose:

- A. Appraisal fee
- B. Realtor administrative fee and/or sales commission
- C. Discount points to permanently reduce interest rate



ANSWER: 3555.101(b)(6)(vi), HB 6.2 C and 6.3

- B. Realtor administrative fee and/or sales commission
- Loan funds may not be used to pay for real estate commissions or fees
- Borrower must pay for any sales commission out of their own funds



Appraised value: \$150,000

Purchase price: \$135,000

- Applicant wishes to finance: Wheelchair ramp, new kitchen/laundry appliances, and four shrubs
- These are eligible loan purposes

A. TRUE B. FALSE



ANSWER: 3555.101(b), HB 6.2 C

A. TRUE

- Each item listed is an authorized loan purpose
- Maximum loan amount may not exceed 3555.103



- Applicant wishes to purchase a manufactured home
- Unit was constructed and installed on permanent foundation more than 12 months
- This property is ineligible

A. TRUE B. FALSE



ANSWER: 3555.102(a), HB 6.2 C

A. TRUE

- The unit is an existing manufactured home
- Existing units must meet 3555.208(b)(3)



- Purchase price: \$100,000
- Seller concessions may not exceed

A. \$3,000 (3%) B. \$6,000 (6%)



ANSWER: 3555.101(b), HB 6.2 C

B. \$6,000

- 6% of sales price is eligible
- Limited to seller contributions/interested third party
- Must be used for authorized loan purposes



- Eligible interest rate: 5.0%
- Applicant uses \$2,000 of seller concessions to permanently buydown the interest rate to 3.75%
- This is an eligible use of loan funds

A. TRUE B. FALSE

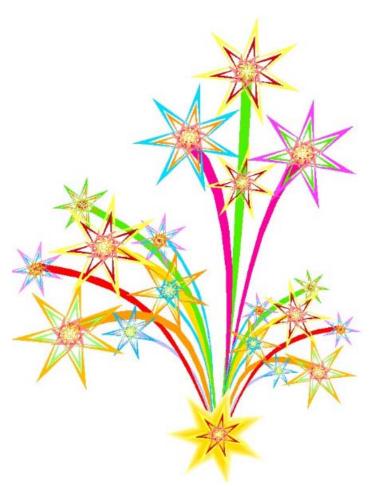


ANSWER: 3555.101(b)(6)(vi), HB 6.3

A. TRUE

- Discount points to permanently reduce the interest rate is an eligible loan purpose
- Seller concessions are loan funds and must be used for eligible loan purposes
- Interest rate must meet 3555.104 prior to buydown





WAY TO GO!



Regulations

http://www.rd.usda.gov/publications/regulations-guidelines





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