Maximum Loan Amount

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
7 CFR Part 3555

7 CFR Part 3555

Handbooks

HB-1-3555 Direct Single Family Housing Loans and Grants - Field Office Handbook
HB-2-3555 Direct Single Family Housing Loans and Grants - Centralized Servicing Center Handbook
HB-1-3555 SFH Guaranteed Loan Program Technical Handbook
HB-1-3560 MHF Loan Origination Handbook
HB-2-3560 MHF Asset Management Handbook
HB-3-3560 MHF 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-1-3555 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 - Caivrs Access Instructions
Appendix 8 - EDI Documentation
Appendix 9 - Penalties
Appendix 10 - Unnumbered Letter and State Supplements
7 CFR Part 3555

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
7 CFR Part 3555

3555.103 Maximum loan amount.
(a) Market value.
(b) Purchase price and acquisition costs.
(c) Newly constructed dwelling – limited to 90 percent.
Guaranteed Loan Program Technical Handbook

HB-1-3555

- Provides guidance to support the regulation
- HB is not the rule
- 20 Chapters
HB-1-3555 SFH Guaranteed Loan Program Technical Handbook

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HB-1-3555

CHAPTER 7: LOAN TERMS AND CONDITIONS

7.1 INTRODUCTION

7.2 MAXIMUM LOAN AMOUNT

7.3 LOAN TERMS
   A. Repayment Period
   B. Interest Rate
   C. Terms Unacceptable for a Guarantee
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
"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
LET'S GET STARTED
Maximum loan amount

- Purchase price: $162,500
- Closing costs to be financed: $2,000
- Upfront guarantee fee will be financed
- Appraised value: $165,000
- What is the maximum loan amount allowed?

A. 100% of Appraised Value
B. 100% of Appraised value plus upfront guarantee fee
Maximum loan amount

ANSWER: 3555.103(a), HB 7.2

B. 100% of Appraised Value plus upfront guarantee fee

- This is the maximum loan amount authorized
- Applicants are not required to finance the upfront guarantee fee
- Upfront guarantee fee may be financed in whole or as a portion
Maximum loan amount

Which cost is not eligible to be financed:

A. Upfront guarantee fee
B. Purchase price
C. Discount points to permanently reduce interest rate
D. Real estate commission and/or administration fees
E. Appraisal fee
Maximum loan amount

ANSWER: 3555.103(b), HB 7.2

D. Real estate commission and/or administration fees

- Commissions, finders fees, administration fees, etc. are ineligible loan costs per 3555.101(b)
- Borrowers may pay for these fees from their own funds
Maximum loan amount

- New construction home purchase price: $210,000
- Appraised Value: $224,500
- There is no acceptable building permit or evidence of construction inspections
- Maximum loan amount is limited to the following:

A. 100% of Appraised value plus upfront guarantee fee
B. 90% of Appraised Value plus upfront guarantee fee
Maximum loan amount

**ANSWER: 3555.103(c), HB 7.2**

B. 90% of Appraised Value plus upfront guarantee fee

- New dwelling does not have evidence to meet 3555.202(a)
- No acceptable building permit/plans and specs, no required inspections, and/or no builder warranty
- Dwelling remains eligible but at a reduced maximum loan amount
Maximum loan amount

- Purchase price: $195,900
- Appraised Value: $193,000
- Property is ineligible for loan guarantee

A. TRUE  B. FALSE
Maximum loan amount

ANSWER: 3555.103(a), HB 7.2

B. FALSE

- Borrower may bring the difference to loan closing
- Maximum loan amount would continue to be 100% of Appraised Value plus upfront guarantee fee
Maximum loan amount

• Purchase price: $145,000
• Appraised Value: $152,000
• Housing grant: $15,000, forgiven over 5 years
• What is the maximum loan amount that may be guaranteed?

A. 100% of Appraised Value plus upfront guarantee fee
B. 100% of Appraised Value plus upfront guarantee and eligible assistance programs
Maximum loan amount

ANSWER: 3555.103(a), HB 7.2

A. 100% of Appraised Value plus upfront guarantee fee

• No maximum CLTV: Maximum loan amount = 3555.103
• Assistance programs may be subordinated, but they are not covered under the Loan Note Guarantee
• Applicants are not required to finance the upfront guarantee fee
WAY TO GO!
Regulations

GovDelivery Sign up


Email Updates
To sign up for updates or to access your subscriber preferences, please enter your contact information below.

*Email Address

[Submit]  [Cancel]
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