




USDA United States Department of Agriculture
Rural Development

Maximum Loan Amount

Single Family Housing Guaranteed Loan Program

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Training Objectives

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

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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.

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Guaranteed Loan Program Regulation

7 CFR Part 3555

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

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7 CFR Part 3555

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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

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7 CFR Part 3555

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Home / Publications / Regulations & Guidelines / Handbooks

Handbooks

- **HB-4-3555 SFH Guaranteed Loan Program Technical Handbook**
- 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-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

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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

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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.


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Guaranteed Loan Program Technical Handbook
HB-1-3555

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

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HB-1-3555

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

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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);


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

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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

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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

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LET'S GET STARTED



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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

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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

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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

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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


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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

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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

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Maximum loan amount

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

A. TRUE B. FALSE

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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

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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

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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

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WAY TO GO!

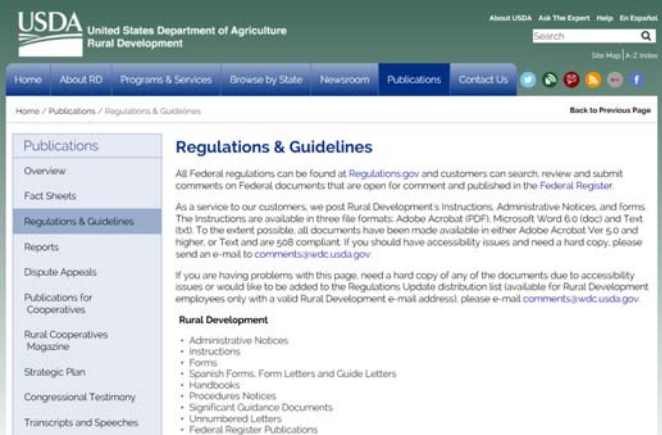
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Thank you for supporting the USDA Single Family Housing Guaranteed Loan Program!



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