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
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

3555.103 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

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

Question Slide

“Topic”

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

TRUE/FALSE or other answer options will be displayed
“Topic”

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

X. Correct Response

• Additional guidance for clarification may be provided
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

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

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

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

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
GovDelivery Sign up


Thank you for supporting the USDA Single Family Housing Guaranteed Loan Program!
In accordance with Federal civil rights laws and U.S. Department of Agriculture (USDA) civil rights regulations and policies, the USDA, its Agencies, offices, and employees, and institutions participating in or administering USDA programs are prohibited from discriminating based on race, color, national origin, religion, sex, gender identity (including gender expression), sexual orientation, disability, age, marital status, family/parental status, income-derived from a public assistance program, political beliefs, or reprisal or retaliation for prior civil rights activity, in any program or activity conducted or funded by USDA (not all bases apply to all programs). Remedies and complaint filing deadlines vary by program or incident.

Persons with disabilities who require alternative means of communication for program information (e.g., Braille, large print, audiotape, American Sign Language, etc.) should contact the responsible Agency or USDA’s TARGET Center at (202) 720-2600 (voice and TTY) or contact USDA through the Federal Relay Service at (800) 877-8339. Additionally, program information may be made available in languages other than English.

To file a program discrimination complaint, complete the USDA Program Discrimination Complaint Form, AD-3027, found online at How to File a Program Discrimination Complaint and at any USDA office or write a letter addressed to USDA and provide in the letter all of the information requested in the form.

To request a copy of the complaint form, call (866) 632-9992. Submit your completed form or letter to USDA by: (1) mail: U.S. Department of Agriculture, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, SW, Washington, D.C. 20250-9410; (2) fax: (202) 690-7442; or (3) email: program.intake@usda.gov.

USDA is an equal opportunity provider, employer, and lender.