Submitting a Complete Loan Application for Conditional Commitment

Getting Form RD 3555-18/18E

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

7 CFR Part 3555
3555.107: Application for and issuance of the LNG
(a). Processing of applications
(b). Automated underwriting
(c). Manual underwriting
(d). Appraisals
(e). Environmental requirements
(f). Issuance of a conditional commitment
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

CHAPTER 15: SUBMITTING THE APPLICATION PACKAGE 15-1
15.1 INTRODUCTION 15-1
15.2 LENDER RESPONSIBILITIES 15-1
15.3 CONTENTS OF LOAN APPLICATION PACKAGE 15-3
15.4 ELECTRONIC SIGNATURES 15-6
15.5 AGENCY REVIEW OF APPLICATION PACKAGE 15-7
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B. Agency Review of Lender’s Underwriting Decisions 15-10
C. Conditions for the Loan Guarantee 15-11
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15.7 AGENCY PROCESSING OF AN APPROVED REQUEST 15-12
15.8 LENDERS RESPONSE TO CONDITIONAL COMMITMENT 15-13
A. Accepting the conditions 15-13
B. Declining the Conditions for Loan Guarantee 15-13
C. Requesting Changes in Conditions 15-14

ATTACHMENT 15- ORIGINATION STACKING ORDER CHECKLIST
A. 
ATTACHMENT 15- RURAL DEVELOPMENT GUARANTEED RURAL HOUSING AGENCY
B. DOCUMENTATION AND PROCESSING CHECKLIST [If applicable Only]

TIPS

- Underwriter = USDA Approved Lender
- USDA = not an underwriter
- Research Rule & HB questions: Table of Contents
- Research Rule & HB questions: Control + F
What is Form RD 3555-18/18E?

- “Conditional Commitment For SFH Loan Guarantee”
- USDA reviews loan file
- Funds are obligated
- Terms of loan are defined
- Lender may schedule loan closing
- Loan is eligible for guarantee if all conditions are met

What is Form RD 3555-18/18E?

- “18E” indicates the form was issued electronically
- Refer to “Conditional Commitment” Training module

This training helps you GET the commitment!
Complete Application Submission Tips for Lenders

• Attachment 15-A, Lender Submission Checklist
• Stack and upload documents as indicated
• Ensure uploaded documents are legible
• Only complete loan applications may be assigned for USDA review

GUS Loan Files: HB 15.3

• Review Final GUS UW Findings Report
• Determine if an Accept uw recommendation must be downgraded (changes required documentation level)
• Ensure all debts listed on the credit report are reflected on the “Asset and Liabilities” GUS application page
• Upload required documents (appraisal in separate folder, etc.)
### General Information

<table>
<thead>
<tr>
<th>Applicant(s):</th>
<th>Lender:</th>
<th>Date:</th>
</tr>
</thead>
</table>

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#### Stack It Up!

**File Stacking Order Checklist**

**Guaranteed Underwriting System (GUS) - Underwriting Recommendation: ACCEPT**

- [ ] Form RD 3555-21, “Request for Single Family Housing Loan Guarantee”
  
  **Note:** Must be fully completed and executed by all applicants and lender. Must include income worksheet pages.

- [ ] Final GUS Underwriting Findings and Analysis Report
  
  **Note:** Last final submission to be printed, retained in lender’s permanent loan file.

- [ ] FEMA Form 086-0-92, “Standard Flood Determination Form”
  
  **Note:** New construction properties located in 100-year flood plains will require additional documentation. Confirmation that the basic flood elevation (BEF) is below lowest floor of subject.

- [ ] Evidence of qualified alien (if the applicant is not a US citizen)

- [ ] Credit Report, Non-Purchasing Spouse (if the applicant or property is in a community property state – AZ, CA, ID, LA, NV, NM, TX, WI, WA)

- [ ] Uniform Residential Appraisal Report (URAR)
  
  (FREAS-1204/1204/TV or applicable report)

  **Note:** 1004 MC (Market Conditions Addendum) must be part of report.
 USDA Responsibilities: HB 15.5

Review applications to ensure:

- Eligible property
- Eligible applicant(s)
- Eligible loan purposes
- Request is supported through appraisal
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
Submitting a complete loan application

• Underwriter downgrades a GUS Accept uw recommendation to Refer
• Underwriter states the downgrade is to request USDA to calculate annual income
• This is an acceptable practice

A. TRUE  B. FALSE

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Submitting a complete loan application

ANSWER: 3555.107(a) and HB 15.2

B. FALSE

• Approved lender must underwrite loan file
• USDA is not responsible to calculate income
Submitting a complete loan application

Rural Development accepts electronic signatures.

A. TRUE    B. FALSE

ANSWER: 3555.107 and HB 15.4

A. TRUE

- Lenders are not required to use electronic signatures
- Must meet E-SIGN Act
- Allowed on all documents used for origination, loan closing, servicing, etc.
Submitting a complete loan application

A complete Form RD 3555-21 includes the income worksheet.

A. TRUE   B. FALSE

 Submitting a complete loan application

ANSWER: 3555.107 and HB 15.3

A. TRUE

• The form must be signed by all parties
• Figures listed on Form 3555-21 must match data entries in GUS and/or on loan application
Submitting a complete loan application

• GUS Accept uw recommendation
• Ratios exceed 29% PITI and/or 41% TD
• Ratio waiver request must be submitted to USDA

A. TRUE    B. FALSE

Answer: 3555.107, HB 15.3, and Attachment 15-A

B. FALSE

• GUS Accept uw recommendations do not require ratio waivers
• The scorecard has determined the ratios are eligible
Submitting a complete loan application

- Lender has scheduled a loan closing to occur on October 5th
- Loan file is submitted to USDA on October 2nd
- Lender may mark the file “Rush” when submitting to USDA

A. TRUE  B. FALSE

Answer: 3555.107(a) and HB 15.3 C

- Complete applications must be reviewed in date order received
- It is recommended that loan closings are not scheduled until conditional commitments are issued
Submitting a complete loan application

Which of the following may occur after USDA receives a loan application package from an approved lender:

A. Request for LNG is approved = Commitment issued
B. Agency requires additional time to review
C. Return of inaccurate application to lender
D. Request for LNG is denied
E. All are correct

Answer: E. ALL ARE CORRECT

• New lenders/underperforming lenders may have files reviewed more carefully
• Inaccurate application data must be corrected
• Missing documents may be uploaded without file release
• Denied LNG requests will receive appeal rights (HB 15.7)
Submitting a complete loan application

Lenders must accept the conditional commitment (Form RD 3555-18/18E) issued by USDA. No changes or corrections are allowed.

A. TRUE  B. FALSE

ANSWER: 3555.107(f)(4) and HB 15.8

B. FALSE

Lenders may:
A. Accept the commitment as is
B. Decline commitment, USDA will deobligate funds
C. Request changes to terms and conditions (loan amount, interest rate, removal of conditions, etc.)
Submitting a complete loan application

- GUS Refer uw recommendation
- Adult household member included (non-applicant)
- IRS 4506-T transcripts are required for non-applicants

A. TRUE  B. FALSE

Answer: 3555.107(a), HB 15.4, and Attachment 15-A

- All adult household members must meet the 4506-T requirements of HB Chapter 9 and Attachment 15-A
- 4506-T results must be received by lender prior to loan submission to USDA
Submitting a complete loan application

The appraisal may be uploaded with all required underwriting documents in one file in GUS.

A. TRUE    B. FALSE

Answer: 3555.107 and HB 15.4

B. FALSE

- The appraisal must be uploaded as a separate document to retain color photographs
- The second folder should include all required documents as indicated by Attachment 15-A
Submitting a complete loan application

- GUS Accept: Full Documentation
- File arrives to USDA with the following uploaded: Attachment 15-A, Form RD 3555-21, Final GUS UW Findings Report, FEMA 086-0-32, and appraisal
- The file is complete for review.

  A. TRUE      B. FALSE

Submitting a complete loan application

**ANSWER:** 3555.107, HB 15.3, and Attachment 15-A

  B. FALSE

- GUS Accept, FULL DOCUMENTATION loan files require additional items (see next slide)
Submitting a complete loan application

- GUS Accept uw recommendation
- File arrives to USDA with the following uploaded: Attachment 15-A, Form RD 3555-21, Final GUS UW Findings Report, FEMA 086-0-32, and appraisal
- The file is complete for review

A. TRUE    B. FALSE
Submitting a complete loan application

ANSWER: 3555.107, HB 15.3, and Attachment 15-A

A. TRUE

• GUS Accept uw recommendation loan files allow streamlined documentation (see next slide)
Submitting a complete loan application

• GUS Refer uw recommendation
• File arrives to USDA missing income documentation for one of the applicants
• USDA must release the loan file so the lender can upload the missing documents

A. TRUE  B. FALSE

ANSWER: 3555.107, HB 15.3, and Attachment 15-A

B. FALSE

• USDA should contact the lender to request the document upload
• Lenders may upload documents until a conditional commitment is issued by USDA
• The loan file should not be released
Submitting a complete loan application

- GUS Accept uw recommendation
- USDA notes four open collection accounts are not entered on the “Asset and Liabilities” application page
- USDA must release the loan file so the lender can correct the oversight

A. TRUE      B. FALSE

Submitting a complete loan application

ANSWER: 3555.107 and HB 15.3

A. TRUE

- USDA should contact the lender to ensure correction is required prior to releasing the loan
- Once corrected, the lender must resubmit the loan to USDA
- The loan file will be placed for review by date order received
Submitting a complete loan application

Lenders may submit minimal documentation to USDA, but they must retain full documentation loan files in their records.

A. TRUE   B. FALSE

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Submitting a complete loan application

ANSWER: 3555.107 and HB 15.2

A. TRUE

- Lenders must retain a full documentation file
- USDA may request full file for quality control reviews/lender reviews
Submitting a complete loan application

Conditional commitments (Form RD 3555-18/18E) are eligible for 90 days.

A. TRUE    B. FALSE

ANSWER: 3555.107(f)(1) and HB 15.6 A

A. TRUE

• Extensions may be requested by approved lender
• New construction requests may have the expiration date coincide with completion of the property, 3555.107(f)(2)
WAY TO GO!

Regulations

GovDelivery Sign up

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