Welcome to Submitting a Complete Loan Application for Conditional Commitment! This training will help you successfully receive a conditional commitment from USDA, Form RD 3555-18/18E. This training is presented by USDA’s Single Family Housing Guaranteed Loan Program!
The objectives of the training include:
1. Demonstrating where the training topic is located in the program regulation, 7 CFR Part 3555 and the technical handbook, HB-1-3555.
2. Providing learning checks to help you gain a working knowledge of the topic, and
3. Links to online resources to assist in locating program information.
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.

Every effort has been made to ensure this training and all references are accurate, however, new program revisions and clarifications may occur. Therefore, please ensure you always reference the most recent USDA publications available online.

This training module is not intended to replace the need to reference the regulation, technical handbook, and additional USDA published documents regarding the Guaranteed Loan Program.
7 CFR Part 3555 is the program regulation. It is the first place users should look for the answers to their questions. The regulation is the rule and it cannot be overridden by the technical handbook. The 7 CFR Part 3555 is comprised of 8 subparts, A through H. You can access the full regulation online as Appendix 1 from the Regulations and Guidelines website.
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You can access the full regulation online as Appendix 1 from the Regulations and Guidelines website.
A list of all USDA Rural Development handbooks will display. Be sure to select the correct technical handbook: HB-1-3555. Once HB-1-3555 is selected, the entire handbook, including all appendix will display for selection. Appendix 1 is the full regulation, 7 CFR Part 3555.
The elements of a complete loan application are located in Subpart C, Section 3555.107.
3555.107 includes the following guidance to assist lenders in submitting a complete loan application the first time to USDA:

- **Processing of applications**: date order received, no “rush” files, etc.
- **Automated underwriting**: Use of GUS certainly expedites the lender’s ability to review loan applications, upload required documentation, and submit files to USDA.
- **Manually underwritten loan files**: Additional loan documentation submitted to USDA is required for these loan files.
- **Appraisals**: Requirements, and how to properly upload them for USDA review.
- **Environmental requirements**: FEMA flood certificates and additional review requirements that may apply
- **Issuance of a conditional commitment**: when a complete loan application is reviewed and accepted, USDA will issue Form RD 3555-18/18E
The 7 CFR Part 3555 regulation cannot cover every topic and every potential scenario, therefore a technical handbook has been published to support the regulation and provide additional clarification. HB-1-3555 has 20 chapters.
The handbook may be accessed from the Regulations and Guidelines website. Submitting the Application Package is located in Chapter 15.
This screen shot displays the Table of Contents of Chapter 15. This helps the user to locate specific topics more quickly.
A few helpful tips:
1. The underwriter of the loan is the approved lender’s underwriter.
2. USDA is NOT the underwriter of the loan.
3. When researching topics, it is helpful to begin with the Table of Contents for the regulation and the handbook.
4. A great best practice when searching for information is to open the regulation or a handbook chapter, select the “Control” button on the keyboard, hold it down, and then also select the “F” key. A keyword search box will appear. Enter a keyword or phrase to locate information more quickly.
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?
• It is the conditional commitment issued by USDA.
• First USDA receives a complete loan application package from an approved lender for review.
• When the file is accepted by USDA, loan funds are obligated for the requested amount.
• The conditional commitment will list all terms of the loan: loan amount, interest rate, upfront guarantee fee due, annual fee percentage, etc.
• It is a best practice to wait to schedule a loan closing until the commitment has been received from USDA and reviewed by the approved lender.
• The loan will be eligible for a loan note guarantee if all conditions listed on this commitment are met.
The “E” at the end of Form RD 3555-18/18E indicates if the form was issued to the approved lender electronically by USDA. Refer to the Conditional Commitment module for additional training regarding this form.

This training is focusing on helping you put together a complete loan application package the first time, so you may receive the commitment more quickly.
A few file submission tips for lenders include:

• Use Attachment 15-A “Lender Submission Checklist”. This is not an optional form, and it does indicate all of the required documentation that must be submitted to USDA depending upon the file type.

• Stack the documents in the order listed on Attachment 15-A for your applicable file type. This not only assists in efficient file review, but it also helps lenders ensure they have all of the required documents.

• Only submit the required documents. Excess documents that are not required only slow down the review process.

• As always, only complete loan applications may be placed for review by USDA. Incomplete loan applications cannot be reviewed, and therefore slow down the process for lenders to receive their commitment.
Complete Application Submission Tips for Lenders

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.)

Additional submission tips include:
• READ THE FINAL GUS UNDERWRITING FINDINGS REPORT! This report is not for show. It contains valuable messages and documentation requirements. Incomplete loan application packages are primarily due to not reviewing the final underwriting findings report and failure to use Attachment 15-A.
• If a GUS Accept underwriting recommendation must be downgraded to a Refer, then the level of required documentation that must be submitted to USDA will change.
• Ensure ALL OPEN DEBTS listed on the credit report (or those that are known to the lender) are reflected on the GUS “Asset and Liabilities” application page as well as on the 1003 loan application. If you want to omit a debt, you may do so, but these debts must be accounted for on the application.
• Upload the required documents as outlined in Attachment 15-A. The appraisal must be uploaded separately in order to retain the color photographs. Otherwise stack the documents in the correct order and upload them as one singular document.
This is Attachment 15-A. It is the Origination Stacking Order Checklist. It is pleased to meet you. The very first box says “Lender Instructions.” This paragraph details many of the tips we have covered: only submit the required documents, stack them in order, ensure the documents are eligible, etc.
Got a GUS Accept underwriting recommendation with no requirement for a “full documentation” submission? THIS IS YOUR STACKING ORDER!
The appraisal will be a separate document, but everything else listed may be stacked up and then uploaded.
Got a GUS Refer, Refer with Caution, manually underwritten loan file, or a GUS Accept that was tagged for “Full Documentation” due to qualify control review efforts? PAGE TWO IS FOR YOU!

Stack up the documents listed in this order, and of course upload the appraisal as a separate file.

Attachment 15-A will help ensure you upload all required documentation, which in turn will allow USDA to place the file for review, which will help you obtain your conditional commitment more quickly!
When USDA receives a fully documented loan file, our responsibilities are not to underwrite the loan file but rather ensure that:

- The property is eligible
- The applicant(s) is eligible
- All loan purposes are eligible, and
- The appraisal supports the total loan request.
The best way to learn information is to test your knowledge!
Each question slide will list:
- the topic
- a question or scenario, and
- potential responses.
The answer slide will list:

- The topic
- The reference to the answer from the regulation and handbook
- The correct response, and
- Any additional clarification that may be helpful.

**ANSWER SLIDE**

**“Topic”**

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

- Correct Response

- Additional guidance for clarification may be provided
Let’s get started!
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

Read the question on the slide and select a response.
False
The approved lender’s underwriter is responsible to calculate income and underwrite the loan file. USDA is happy to help provide guidance, but we are not the underwriter.
Submitting a complete loan application

Rural Development accepts electronic signatures.

A. TRUE    B. FALSE

Read the question on the slide and select a response.
True
While lenders are not required to use electronic signatures, if they do, they must meet the E-SIGN Act.
USDA is not responsible to verify if an electronic signature utilized by a lender is acceptable. Electronic signatures are 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

Read the question on the slide and select a response.
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

True
Ensure the form is signed by all parties.
Data entries, including income calculations, must match the corresponding data entries in GUS and/or 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

Read the question on the slide and select a response.
Submitting a complete loan application
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

False
The GUS Accept recommendation has accepted the ratios. No waiver is required.
Read the question on the slide and select a response.
Submitting a complete loan application

**ANSWER:** 3555.107(a) and HB 15.3 C

**B. FALSE**

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

False

Complete loan applications must be reviewed in the date order received. A best practice is to hold off on scheduling a loan closing until the conditional commitment is received from USDA.
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

Read the question on the slide and select a response.
Submit a complete loan application

ANSWER: 3555.107 and HB 15.6

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)

Response E

• New lenders, lenders that are not submitting complete loan application packages, or lenders with higher delinquency rates may have their loan files reviewed more carefully by USDA before a commitment is issued.
• Inaccurate loan applications may require data correction.
• Missing documents from the loan file may be uploaded by the lender without the need for USDA to release the GUS file back to the lender. Documents may be uploaded by the lender until USDA issues a commitment.
• Loan requests that are denied by USDA will receive appeal rights. These are outlined in HB Chapter 15, 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

Read the question on the slide and select a response.
Submitting a complete loan application
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.)

False
When the commitment is sent to the approved USDA lender, after they review the commitment they may:
• Accept the commitment as is
• Decline the commitment, and let USDA know that they will not be closing the loan under the guaranteed loan program. USDA can then deobligate the funds.
• Request changes to terms and conditions are necessary.
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

Read the question on the slide and select a response.
True

Every adult household member must submit the required income documentation as outlined in the regulation and handbook.

One of the income requirements for all adult household members is the submission of IRS Form 4506-T’s for the previous two years.

The 4506-T results must be received by the lender prior to submitting the loan to USDA for review.

There is no waiver for required income documentation required for all adult household members.
Submitting a complete loan application

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

A. TRUE     B. FALSE

Read the question on the slide and select a response.
Submitting a complete loan application

**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

False
The appraisal must be uploaded as a separate document in order to retain the color photographs.
The second folder should include the other required documents as stated in the GUS UW Findings Report, and 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

Read the question on the slide and select a response.
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)

False

A GUS Accept loan file that has been tagged for a full documentation review will require additional documentation above the normal streamlined file submission requirements.
A GUS Accept loan file that has been selected for a full documentation review as a quality control measure must have all of the documentation submitted from page two as indicated on page two of Attachment 15-A.
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, FFMA 086-0-32, and appraisal
- The file is complete for review

A. TRUE       B. FALSE

Read the question on the slide and select a response.
True

GUS Accept loan files that do not have full documentation requirements may submit streamlined documentation.
Please submit the required documentation that is listed on page one of Attachment 15-A.
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

Read the question on the slide and select a response.
False

USDA should avoid releasing loan files when at all possible. USDA should contact the lender to ensure the documentation must be uploaded (it may have been overlooked in the current uploaded documentation). Lenders may upload documents at any time as long as USDA has not issued a conditional commitment. USDA should contact lenders to request missing documents. Loan files should not be released unless it is absolutely necessary to update data entries that are in GUS.
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

Read the question on the slide and select a response.
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

True
First USDA should contact the lender to ensure the data entry is inaccurate. Always verify the data is truly inaccurate before a loan file actually released. Once released the lender can update the data entries and then resubmit the loan file to USDA.
The loan file will now be placed in order to be reviewed based on the date it was 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

Read the question on the slide and select a response.
Lenders are required to retain all underwriting documentation they utilized in the origination, underwriting, and closing of the loan. USDA only needs the documentation that is clearly outlined in the regulation, handbook, GUS UW Findings Report, and Attachment 15-A.
Submitting a complete loan application

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

A. TRUE    B. FALSE

Read the question on the slide and select a response.
Submitting a complete loan application

**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)

True
A commitment may be extended upon lender request to USDA.
New construction loans submitted may have the commitment expiration date coincide with the anticipated date of the completed dwelling.
Extensions are free….just ask!
Way to go! You have completed the learning checks!
Don’t forget the Regulations and Guidelines website is a treasure trove of USDA guideline knowledge.
Please sign up for GovDelivery messages. USDA sends out origination (including GUS) and servicing messages to alert lenders of new publications, clarifications, and additional program updates.
Thank you for supporting the USDA Single Family Housing Guaranteed Loan Program! We appreciate the opportunity to help you serve more rural homebuyers!
This will conclude the training module. Thank you and have a great day!