

USDA Single Family Housing Guaranteed Loan Program Overview - 101

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Training Agenda

Single Family Housing Guaranteed Loan Program (SFHGLP)



- USDA Rural Development and Program Mission
- SFHGLP Highlights and Benefits
- Program Eligibility
- Loan Terms and Conditions
- Applicant Eligibility

- Income Eligibility
- Credit Eligibility
- Ratio Analysis
- Property Requirements & Special Property Types
- GUS

Over 70 USDA Programs!

Single-Family Housing



Multi-Family Housing



Electric



Telecommunications



H

Community Facilities



Water & Environmental



Business & Cooperative

Most programs are administered by state and local offices. Location map:

<https://rd.usda.gov/contact-us/state-offices>

Single Family Housing Direct Loan and Grant Program

- **Serves low to very low-income rural homebuyers** — Below 80% of Median Household Income for the area
- **Assists homebuyers in obtaining adequate, modest, decent, safe, & sanitary dwellings**
- **Assists homeowners with repairs for safety and sanitary purposes in rural communities.**



* Locate the closest office to your customer at: <https://rd.usda.gov/contact-us/state-offices>

Partnership

Private lender partnerships are the key to the success of this program.

Approved lenders are responsible for originating, underwriting, servicing and liquidating loans.

Lenders ensure all program requirements are met and underwriting procedures are followed.



SFHGLP Goals

Serve low- and moderate-income rural homebuyers

Assist homebuyers in obtaining adequate, modest, decent, safe, & sanitary dwellings

Guarantee sound loans, which otherwise would not be made



Homebuyer Benefits



No down payment with financing up to 100% of the APPRAISED value plus the one-time upfront guarantee fee.



NO credit score requirement. Alternative credit allowable.



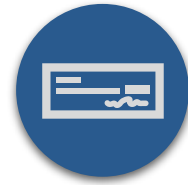
30-year fixed rate that is negotiated between the applicant and lender. (No rate caps).



NOT limited to First Time Home Buyers.



Buy existing, build new, or refinance current Rural Development loan.



No maximum purchase price limits. Based solely on applicant's repayment ability.



Gift and grant funds allowed. Down payment assistance allowed & No CLTV!
Seller/Interested party concessions allowed up to 6%.



No set acreage limits. Must be typical for the area and not income producing.

Lender Benefits



Premium pricing on secondary market due to low delinquency rate



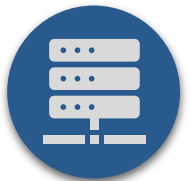
Reduced risk to lender due to 90% loan note guarantee



USDA provides lender credits for Community Reinvestment Act



Streamlined application process through automated underwriting system



Originating lenders may retain or sell servicing rights



Outstanding training resources are available: self-paced online or personalized virtual



Program Eligibility

Eligibility Requirements

Determination of Applicant Eligibility



Property located in an eligible rural area?

Total Household Income Within Program Limits? 115% of Median income

Applicant is a U.S. citizen, non-U.S. citizen w/a valid SS number, or qualified alien? New change in GovDelivery notice dated 3/7/2023 extends guidance regarding Non-US Citizens.

Loan amount is supported by appraised value?

Ability to meet monthly obligations and repay the loan?

Does the applicant qualify for traditional credit?

Applicant Eligibility

HB-1-3555, Chapter 8



Unable to Secure Conventional Credit

1

Assets

Has personal non-retirement liquid asset funds of at least 20%

2

Resources

Can pay all closing costs (plus the 20% down) associated with the loan

3

Ratios

Meets qualifying ratios of no more than 28% PITI and 36% TD when applying the 20% down payment

4

Credit

Demonstrates qualifying credit for such a loan

5

Loan Terms

Conventional loan is 30-year fixed rate loan without PMI



Certification

Lender and applicant certify applicant is not eligible for conventional credit by signing the 3555-21

Not Having a Suspension or Debarment



Suspended or Debarred = *Not eligible*



7 CFR 3555.151(g) and HB-1-3555, 8.2E



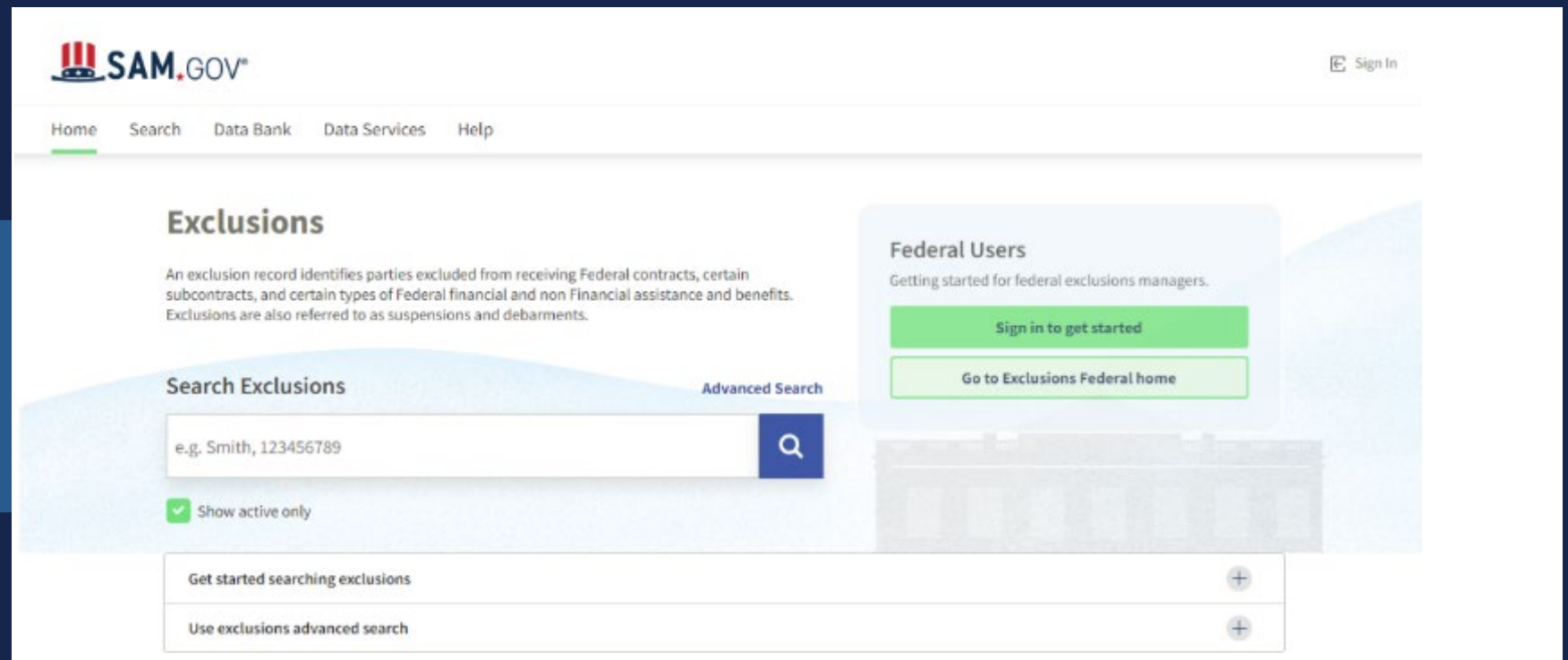
Lender must screen the applicant and parties to the transaction on the “System for Award Management” (SAM) website



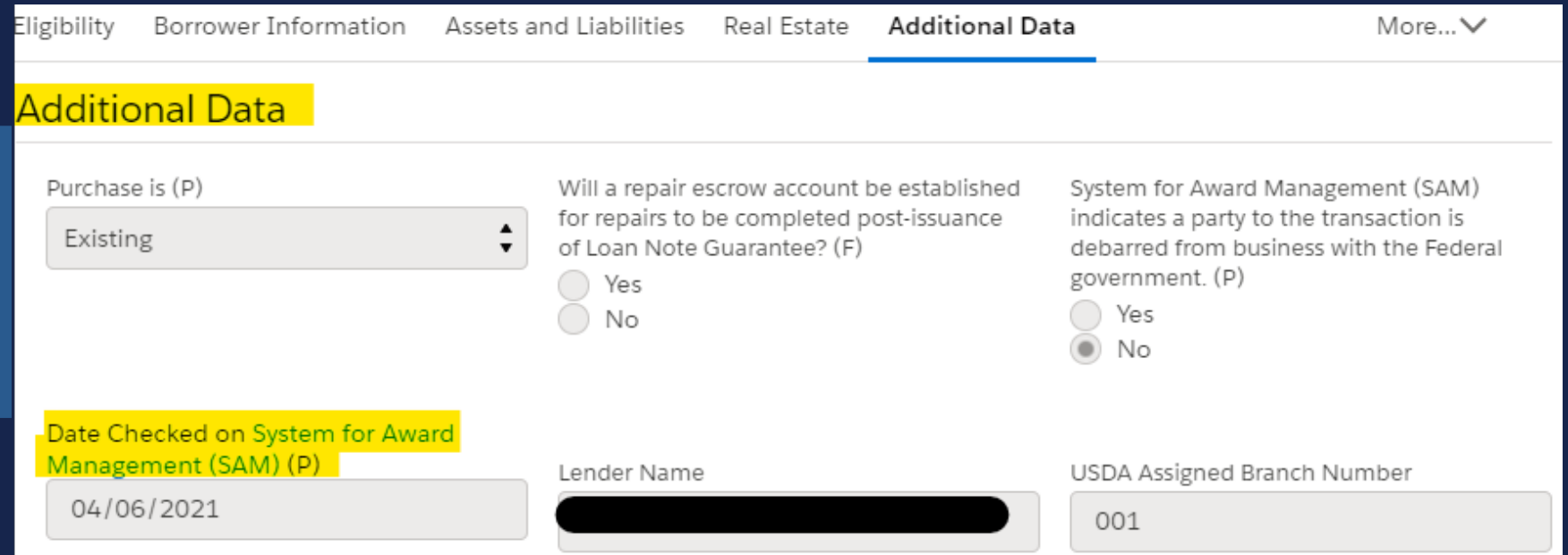
Must be within 30 days of loan closing

Sam.gov

GUS
“Additional Data”



The screenshot shows the SAM.gov Exclusions page. At the top is the SAM.GOV logo and a 'Sign In' link. Below the navigation bar (Home, Search, Data Bank, Data Services, Help) is the 'Exclusions' section. It includes a description: 'An exclusion record identifies parties excluded from receiving Federal contracts, certain subcontracts, and certain types of Federal financial and non Financial assistance and benefits. Exclusions are also referred to as suspensions and debarments.' To the right is a 'Federal Users' box with 'Sign in to get started' and 'Go to Exclusions Federal home' buttons. The main area features a 'Search Exclusions' section with a search bar containing 'e.g. Smith, 123456789', a magnifying glass icon, and a checked 'Show active only' checkbox. Below the search bar are two expandable sections: 'Get started searching exclusions' and 'Use exclusions advanced search'.



The screenshot shows the 'Additional Data' section of a GUS form. The section title 'Additional Data' is highlighted in yellow. Below the title are three columns of fields. The first column has a 'Purchase is (P)' dropdown menu with 'Existing' selected. The second column has a question 'Will a repair escrow account be established for repairs to be completed post-issuance of Loan Note Guarantee? (F)' with radio buttons for 'Yes' and 'No'. The third column has a question 'System for Award Management (SAM) indicates a party to the transaction is debarred from business with the Federal government. (P)' with radio buttons for 'Yes' and 'No', where 'No' is selected. At the bottom, there are three more fields: 'Date Checked on System for Award Management (SAM) (P)' with the value '04/06/2021', 'Lender Name' with a redacted black bar, and 'USDA Assigned Branch Number' with the value '001'.

Having Acceptable Citizenship or Immigration Status



Applicant must be a U.S. citizen, a U.S. non-citizen national, or a qualified alien



7 CFR 3555.151(b) and HB-1-3555, 8.2F



Verify identification information via the GUS which interfaces with the “Systematic Alien Verification for Entitlements (SAVE)” program (managed by DHS)



Retain documentation in permanent case file

UPDATE

*Effective
5/20/2022*

Non-US citizens
with a valid SSN
and valid
Employment
Authorization
Document are
eligible.

Retaining a Dwelling

1

Only 1 RD Loan

Not financially responsible for another Agency guaranteed or direct home loan

2

Financially Qualified

The applicant is financially qualified to own more than one house

3

Primary Residence

The applicant will occupy the home financed with the guaranteed loan as their primary residence

4

No Longer Meets Needs

The current home owned, whether adequate or inadequate, no longer meets the applicants' needs

Examples:

- Relocation due to a new job opportunity
- Requires a larger home to provide for a growing family
- Obtaining a divorce and the ex-spouse will retain the dwelling
- Is a non-occupying co-owner or co-borrower on another mortgage loan and wants to purchase their own dwelling

5

Documentation

Document permanent loan file. Agency may request to view documentation.

Occupy the Property

Principal residence throughout the term of the loan

Must occupy the home within 60 days of loan closing

- **Active-duty military applicants must occupy as their principal residence**
- **Student applicants must intend to make the home a permanent residence. Reasonable expectation of securing employment in the area**

Adequate dwelling The dwelling must be modest, decent safe and sanitary.

Modest is defined as a new or existing dwelling that a low- or moderate-income borrower can afford based on their repayment ability. The property must not be primarily designed for income producing activity.

Income Eligibility

HB-1-3555, Chapter 9



Applicant Eligibility


Income Eligibility

- At the time of loan approval, the Adjusted Household Income must not exceed the applicable moderate-income limits.
- Lender is responsible for documenting the household income to determine eligibility
- Income limit charts available online on USDA SFH Guaranteed Loan Program webpage: [SFH Guaranteed Loan Program](#)



USDA Eligibility Site

<https://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do>

United States Department of Agriculture
Rural Development

ELIGIBILITY

[Home](#) [Tutorials](#)

[Single Family Housing Guaranteed](#) [Single Family Housing Direct](#) [Multi-Family Housing](#) [Rural Business](#) [OneRD Loan Guaranteed](#) [Water and Environmental Guaranteed](#) [Water and Environmental Direct](#) [Community Facilities Guaranteed](#)

[Property Eligibility](#) [Previous Eligibility Areas](#) [Income Eligibility](#) [Income Limits](#) [Loan Basics](#)

Single Family Housing Income Eligibility

Property Location

State:

Michigan

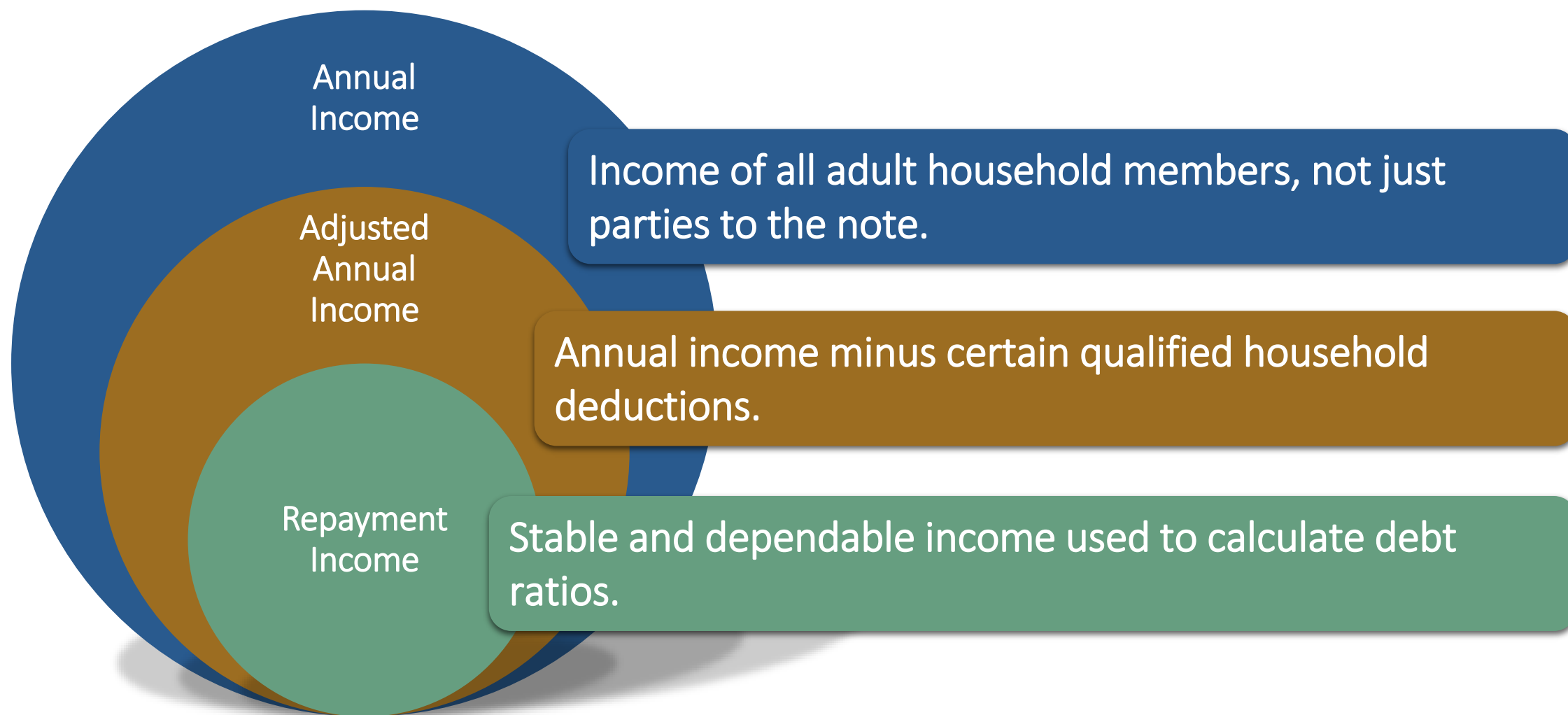
County:

Please pick a county below ▼

Reset

[USDA.gov](#) | [Farm Service Agency](#) | [Natural Resources Conservation Service](#) | [Rural Development](#) | [FOIA](#) | [Accessibility Statement](#) | [Privacy Policy](#) | [Non-Discrimination Statement](#) | [Information Quality](#) | [FirstGov](#) | [White House](#)

Types of Income



Annual Income

Include



Income of all adult household members, including benefits received on behalf of minors.



The first \$480 of earned income from adult full-time students who are not the applicant, co-applicant, or spouse of an applicant.



IRS transcripts required for all adult household members (except full-time students). Lender must obtain and review prior to closing.



Assets: Include income from cumulative household non-retirement assets of \$50,000 or greater.



Annual Household Income



Include ALL sources of income for ALL adult household members

Review income documentation

Types of income earned and its history

- Salary/Hourly
- Overtime/Bonus/Commission
- Self Employed
- Social Security/Child Support/Unemployment

History of each earning type

Consider the time of year the applicant applies

Annual Household Income

- Refer to ***HB-1-3555, “Attachment 9-A”***, for guidance on income that is included and excluded from the annual income calculation
- **Expiration of Credit Documents**
 - No more than **120 days old** on the date the note is signed

HB-1-3555
Attachment 9-A
Page 1 of 32

Income and Documentation Matrix

Income guidance: 7 CFR 3555, Section 3555.152(a) and (b)

This matrix cannot cover every income/asset type, employment scenario, etc. USDA requires approved lenders to use sound judgment to make accurate and dependable analysis of income per 3555.152(a).

“Documentation Source Options” lists eligible documentation. Every item listed is not required. Lenders must meet the minimum documentation requirements for streamlined, non-streamlined, etc. options of this Chapter.

Income Type	Annual	Repayment
Adoption Assistance or Subsidy	If the income will be received in the ensuing 12 months, include the first \$480 of adoption income or subsidy assistance for each grantee.	<p>Required History: None, the income must be received at the time of loan application.</p> <p>Lenders must document:</p> <ul style="list-style-type: none">○ the applicant is currently receiving the income, and○ the amount of the income received each month <p>Continuance: Income must be confirmed to continue a minimum of three years into the mortgage.</p> <p>Benefits that do not include expiration</p>

Annual Income: Exclusions

Exclude



Lump Sum or Sporadic Payments



Section 8 Housing Vouchers



Student Loans



SNAP Benefits



Unreimbursed Employee Expenses

Adjusted Annual Household Income

- **Adjusted Annual Income**

- Refer to HB-1-3555, “Attachment 9-A”, Pages 23 – 24 for information on applicable deductions such as :

- Dependents
- Child Care Expenses
- Elderly Household
- Care of Household Members with Disabilities
- Medical Expenses

- Child support payments or private school tuition are NOT eligible deductions

Adjusted Annual Income Deductions
7 CFR 3555.152(c)
Dependent Deduction [7 CFR 3555.152(c)(1)]: <ul style="list-style-type: none">• \$480 deduction per eligible dependent at the time of submission to the Agency.• Applicants with shared custody may include their child(ren).
Documentation Source Options: <ul style="list-style-type: none">• Certify to the household number on Form RD 3555-21.• List all household members in GUS and Attachment 9-B, the lender’s Uniform Underwriting Transmittal Summary (FNMA Form 1008/Freddie Mac Form 1077), or equivalent.
Child Care Expenses [7 CFR 3555.152(c)(2)]: <ul style="list-style-type: none">• Care for children age 12 and under.• Care is necessary to enable a family member to work, seek employment, or attend school.• Calculate anticipated child care expenses for the ensuing 12 months.• Applicants that have not placed their child into care or have no evidence to support payments, deposits, or registration fees are ineligible for this deduction.
Documentation Source Options: <ul style="list-style-type: none">• Utilize income tax returns, receipts, or third- party verifications provided by a licensed childcare facility or provider on letterhead that 1. Identifies the child enrolled; 2. Date of enrollment; 3. Payment due; and 4. Payment history.• Relatives or non-licensed private individuals who provide care must also provide evidence of payments made (e.g. canceled checks, money order receipts, bank statements, etc.).• Child support payments and school tuition are not eligible deductions.• Attachment 9-G is an available option to document childcare expenses, but may not be used alone when additional documentation is required per this section to verify payment (i.e. relatives and private individuals).• Calculations must be recorded on Attachment 9-B, the lender’s Uniform Underwriting Transmittal Summary (FNMA Form 1008/Freddie Mac Form 1077), or equivalent.

Adjusted Annual Income

If Income Limit is \$110,650

Gross Annual Income **\$117,000**

3 children x \$480 - \$ 1,440

Subtotal \$115,560

Childcare Expenses

\$500/month x 12 - \$ 6,000

Adjusted Income = \$109,560



Repayment Income

INCOME OF LOAN APPLICANT(S) ONLY

- **Applicant**
- **Co-applicant(s)**
- **Stable and dependable income to repay the mortgage debt**
- **Co-signers are not permitted**

Repayment Income

Required History



6 Months: Court Ordered - Child Support, Separate Maintenance/Alimony



1 Year History: Base Wages, Expense Allowances, Bonus, Commission, Employee Fringe Benefits, Military, Overtime, Part-time, Tips



2 Year History: Capital Gains, Dividends, Interest, Rental Income, Schedule K-1, Seasonal, Self-Employment, Unemployment



Ineligible: Boarder Income, Non-Occupant Borrower, Less than 3 years remaining



(See HB-1-3555, Attachment 9-A for more inclusive list)

Repayment Income

Stable and Dependable



The income source must be documented



There must be evidence to support the historical receipt of earnings



Lenders are responsible for analyzing gaps and will make the final determination of stable and dependable income



Caution should be used for an applicant with a sharp increase or decrease in earnings (generally defined as 20 percent or greater)



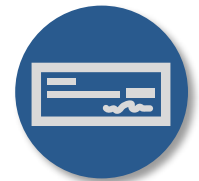
Repayment Income

Tax Exempt Income

- Income that has been verified as tax exempt may be grossed up by 25%
- No other adjustments are authorized
- Do not gross up for annual income

Income Verification Requirements

Streamlined Documentation



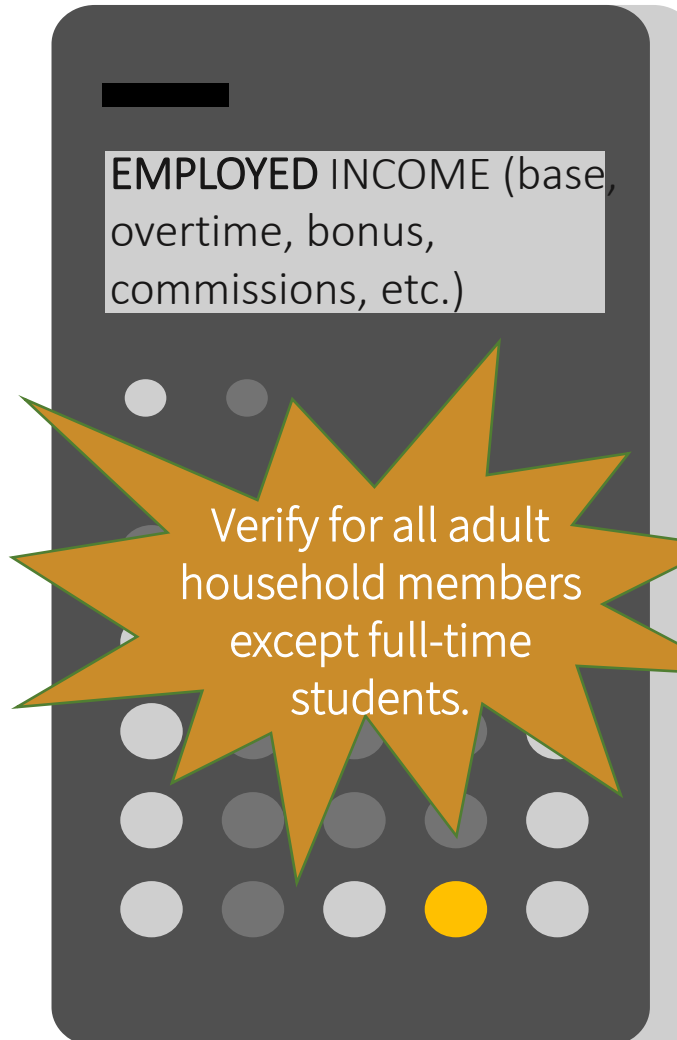
1 recent paystub with YTD figure



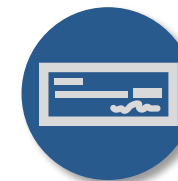
Written VOE
(may be electronically generated)



Verbal VOE (must be obtained within 10 business days of closing)



Full Documentation



Paystubs covering the most recent four weeks of earnings



W-2's for the most recent two tax years



Verbal VOE (must be obtained within 10 business days of closing)

Income Verification Requirements



SELF-EMPLOYED INCOME

2-years of signed individual and business tax returns with all schedules plus a recent profit and loss statement (not required to be audited)

OR

IRS transcripts with all schedules plus a recent profit and loss statement (not required to be audited)

Trend analysis for the applicant's business (Recommend use of Fannie Mae Form 1084, "Cash Flow Analysis" and Fannie Mae Form 1088, "Comparative Income Analysis")

Confirmation the business is operational within 30 days of loan closing

Credit Eligibility

HB-1-3555, Chapter 10



Credit Eligibility Requirements



Underwriting Recommendation

- Credit requirements may vary for loans underwritten with the assistance of the GUS compared to those that are manually underwritten.



Overlays

- Lenders and investors may impose overlays such as minimum credit score requirements.



Lender Responsibility

- It is the lender's responsibility to determine the creditworthiness of their applicant. USDA does not underwrite loans.



Adverse Credit

- In some cases of adverse credit, the lender's underwriter can grant credit exceptions.

Refer to HB-1-3555, Attachment 10-A for credit guidance.

Credit Score Validation



GUS “Accept”: No credit score validation required



GUS “Refer”, “Refer w/Caution”, and Manually Underwritten Files: At least one applicant whose income or assets are used for qualification must have at least 2 historical trade line references



No eligible tradelines on the credit report: Non-traditional credit must be verified

Non-Traditional Credit History



No present housing expense = 3 tradelines



Present housing expense = 2 tradelines (VOR or housing payment verification plus 1 additional trade line)



Trade lines may be open, recently closed and/or paid in full; must have 12-month history (Recent = 6 months)

Credit Exceptions



Credit history problems do not always reflect an unwillingness to meet financial obligations.



If the lender believes the applicant is creditworthy, they may make an exception.



Exceptions should only be for situations that are temporary in nature, beyond the applicant's control, and due to the current employment/financial/health of the household are unlikely to recur. (i.e. temporary loss of job, illness, etc.)

Credit Exceptions



GUS “Accept” or “Accept Full Documentation”: NOT required.



GUS “Refer”, “Refer w/Caution”, and Manually Underwritten, required for: Foreclosures, Bankruptcies, Deed-in-Lieus, and Short Sales (*past 36 months*). One rent or mortgage payment that was *30 or more days late in the past 12 months*.



Credit Exceptions Lender Cannot Waive

Delinquent Court Ordered Child Support: Subject to the collection by an administrative offset. Ineligible unless payments are brought current or released of liability.

Delinquent Court Ordered Child Support: Not subject to the collection by an administrative offset. Ineligible unless 3 timely payments of repayment agreement have been made, arrearage is PIF, or released of liability.

Delinquent Federal Non-Tax Debt: Applicants with delinquent Federal non-tax debt are ineligible until the debt is paid in full or a release of liability is documented.

Previous USDA Loss: Only a Rural Development official may grant this exception. The applicant and lender must provide a letter of explanation and supporting documentation as required in Attachment 10-A.

Collection Accounts

A credit exception is not required for collection account regardless of the GUS underwriting recommendation.

Review all collection accounts

If the cumulative total of all non-medical collections exceeds \$2000, the lender must:

- ☐ Require payment in full of these accounts prior to closing
- ☐ Use an existing repayment agreement amount OR
- ☐ Include 5% of the outstanding balance

All open collections must be listed on the Asset and Liabilities GUS page and noted and marked accordingly.

Rent History



GUS “Accept” File: No verification of rent or mortgage required.



GUS “Refer”, “Refer with Caution”, or Manually Underwritten: May require a verification of rent or mortgage. Refer to GUS Underwriting Findings Report.



Chapter 10, Credit Analysis



Attachment 10-A, Credit Matrix



Provides guidance regarding agency's requirements for credit documentation



HB-1-3555
Attachment 10-A
Page 1 of 20

ATTACHMENT 10-A

CREDIT MATRIX

Credit guidance: 3555.151(i)

CONSIDERATIONS FOR CREDIT ANALYSIS

ALL GUARANTEED LOANS:

If the lender is aware of any potential derogatory or contradictory information that is not part of the data submitted to GUS, or if there is any erroneous information in the data submitted to GUS, the loan must be manually downgraded.

CREDIT ALERT VERIFICATION REPORTING SYSTEM (CAIVRS)

CAIVRS is a Federal government wide repository to file and report delinquent and/or defaulted claims on individuals that were paid on their behalf.

CAIVRS may return the following results:

- A: Approved by CAIVRS (no issues exist)
- B: Multiple cases from one or more Federal agencies
- C: Claim filed
- D: Default on loan
- F: Foreclosure of loan
- J: Judgment filed

An “A” response is the only acceptable result for an applicant to be eligible for a guaranteed loan.

CAIVRS in GUS:

- GUS will automatically retrieve the CAIVRS response for each applicant when the Borrower Information application page is saved. If the automatically retrieved CAIVRS response is not an “A” response, the lender must obtain evidence of an “A” CAIVRS response outside of GUS.



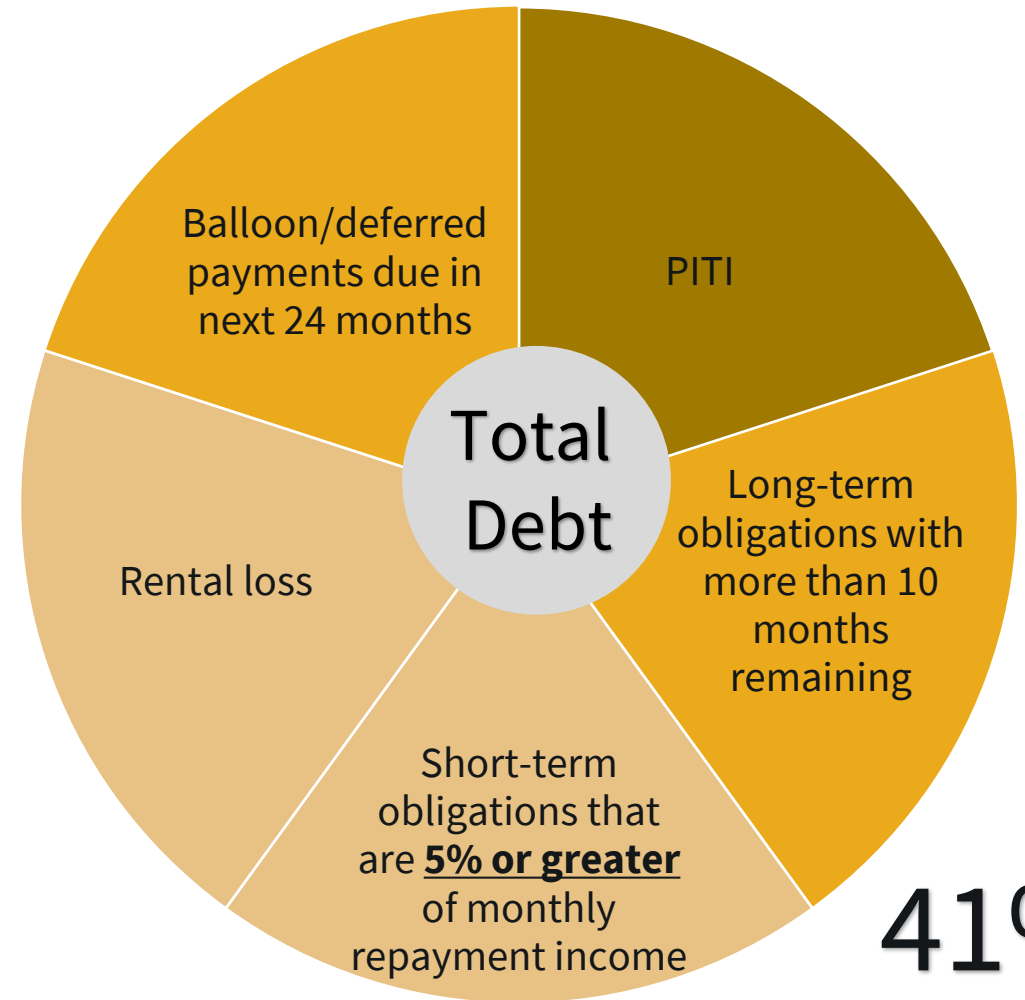
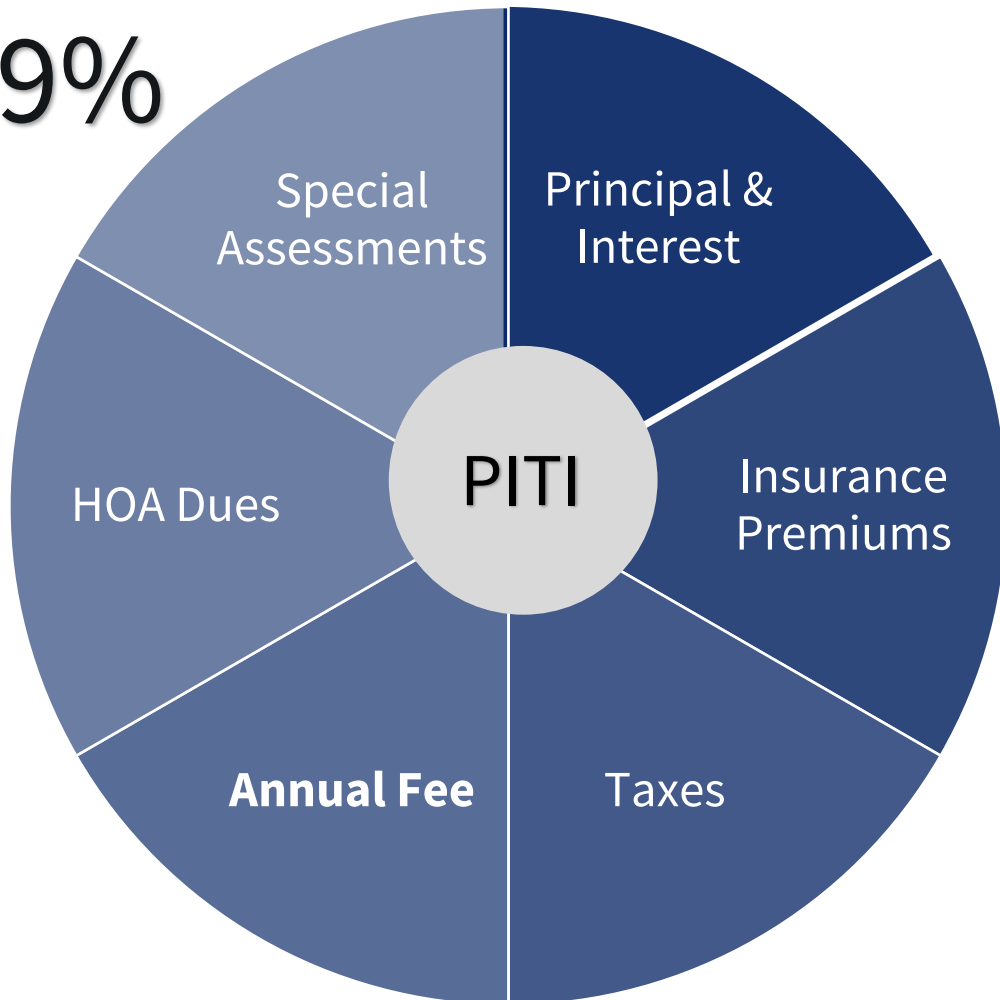
Ratio Analysis

HB-1-3555, Chapter 11



Ratio Analysis

29%



41%

Ratio Analysis

Non-Purchasing Spouse Debt



Include all NPS debts (unless excluded by state law)



Lender must determine if debts may be excluded per state statute and cite specific statute in permanent loan file



GUS: Manually enter the obligation on the “Additional Expenses” on the “Assets and Liabilities” page

Ratio Analysis

Student Loans



Payment above “0”: Use amount on credit report or the actual documented payment.



Payment is “0”: Use 0.50 percent of the outstanding loan balance documented on the credit report or creditor verification.

Ratio Analysis

Child Support, Alimony, and Garnishments



Exclude only if applicant has a release of liability from the court or creditor and acceptable evidence is obtained.



May exclude if 10 or less payments remain, and the payment does not exceed 5% of the monthly repayment income.



GUS: Manually enter the obligation on the “Additional Expenses” on the “Assets and Liabilities” page.

Ratio Analysis

Co-signed Obligations & Business Debts



Include unless evidence is provided showing that another party has made successful payments in the previous 12 months prior to loan application.



Previous Mortgage: Include in total debt ratio if disposed of through a sale, trade or transfer without a release of liability.



Divorce Situation: May exclude if Lender obtains legal documentation showing the other party was awarded the mortgage debt and it has been paid as agreed for the past 12 months.

Debt Ratio Waiver

PITI ratio
cannot exceed
32%

Total Debt
Ratio cannot
exceed 44%

Credit Score
must be 680
or greater

At least 1
acceptable
compensating
factor is
present

Savings or cash
reserves of at least 3
months of PITI
payments

Employed with their
current primary
employer for a
minimum of 2 years

GUS files that receive an Accept or Accept Full Documentation underwriting recommendation do not require debt ratio waivers.

Property Requirements *and* Special Property Types

HB-1-3555, Chapters 12 & 13





Property Eligibility



Existing Single Family
Homes

New Construction

Townhomes

Condominiums
(limitations apply)

New Manufactured

Existing
Manufactured after
2006 in some states
under a pilot program

New or existing
Modular (treated
same as site-built)

Duplex – 1 unit

Online Property and Income Eligibility – USDA Website

Property and Income Eligibility

<http://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do>

The screenshot displays the USDA Eligibility website interface. At the top left is the USDA logo with the text "United States Department of Agriculture Rural Development". At the top right is the word "ELIGIBILITY" in bold. Below the logo is a dark blue navigation bar with "Home" and "Tutorials" links. Underneath is a horizontal menu with tabs: "Single Family Housing Guaranteed" (highlighted in yellow), "Single Family Housing Direct", "Multi-Family Housing", "Rural Business", and "Water and Environmental". Below this is another horizontal menu with tabs: "Property Eligibility" (highlighted in blue), "Previous Eligibility Areas", "Income Eligibility", "Income Limits", and "Loan Basics". A green banner reads "Rural Housing Services". Below this is a "Property Eligibility Disclaimer" box containing a paragraph of text. At the bottom right of the disclaimer box are "Accept" and "Decline" buttons. The bottom portion of the screenshot is a duplicate of the top portion, showing the same navigation and disclaimer elements.

USDA United States Department of Agriculture Rural Development

ELIGIBILITY

Home Tutorials

Single Family Housing Guaranteed Single Family Housing Direct Multi-Family Housing Rural Business Water and Environmental

Property Eligibility Previous Eligibility Areas Income Eligibility Income Limits Loan Basics

Rural Housing Services

Property Eligibility Disclaimer

Every effort is made to provide accurate and complete information regarding eligible and ineligible areas on this website, based on Rural Development rural area requirements. Rural Development, however, does not guarantee the accuracy, or completeness of any information, product, process, or determination provided by this system. Final determination of property eligibility must be made by Rural Development upon receipt of a complete application. Viewing eligibility maps on this website does not constitute a final determination by Rural Development. To proceed with viewing the eligibility map, you must accept this disclaimer.

Accept Decline

USDA United States Department of Agriculture Rural Development

Home Tutorials

Single Family Housing Guaranteed Single Family Housing Direct Multi-Family Housing Rural Business Water and Environmental

Property Eligibility Previous Eligibility Areas Income Eligibility Income Limits Loan Basics

Rural Housing Services

Property Eligibility Disclaimer

Every effort is made to provide accurate and complete information regarding eligible and ineligible areas on this website, based on Rural Development rural area requirements. Rural Development, however, does not guarantee the accuracy, or completeness of any information, product, process, or determination provided by this system. Final determination of property eligibility must be made by Rural Development upon receipt of a complete application. Viewing eligibility maps on this website does not constitute a final determination by Rural Development. To proceed with viewing the eligibility map, you must accept this disclaimer.

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Online Property and Income Eligibility – USDA Website

USDA United States Department of Agriculture Rural Development



Contact Us ▾

ELIGIBILITY

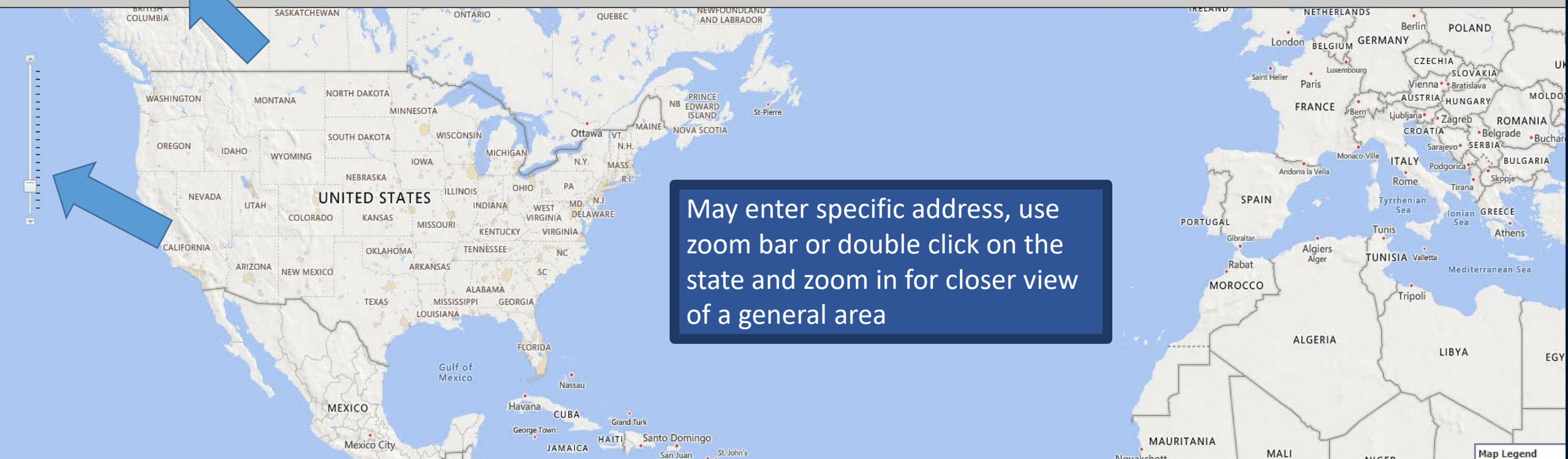
Home Tutorials

Single Family Housing Guaranteed Single Family Housing Direct Multi-Family Housing Rural Business OneRD Loan Guaranteed Water and Environmental Guaranteed Water and Environmental Direct Community Facilities Guaranteed

Property Eligibility Previous Eligibility Areas Income Eligibility Income Limits Loan Basics

Find Your Address GO!  

Switch Basemap ▾



May enter specific address, use zoom bar or double click on the state and zoom in for closer view of a general area

Map Legend

Online Property and Income Eligibility – USDA Website

Property Eligibility

Previous Eligibility Areas

Income Eligibility

Income Limits

Loan Basics

Find Your Address

GO!

Switch Base

Shaded areas are
ineligible. All other
areas are eligible.

Map Legend

Ineligible

Site Size



- ✓ **No acreage limit**
- ✓ **Property must be predominantly residential in design, character, and use**
- ✓ **Must be typical for the area as evidenced by the appraisal and the comps**

Income-Producing Buildings

- ✓ Home based operations such as childcare, product sales, or craft production that do not require specific features are allowed
- ✓ Buildings no longer in use for a commercial operation and are used for personal storage are permitted.
- ✗ Buildings designed and used principally for income producing purposes are prohibited



Income-Producing Land



- Land that will be used principally for income producing purposes is prohibited
- Personal gardens and hobby farms are permitted
- Property must be predominantly residential in use, character, and appearance

Property Requirements - Inspections



Home Inspection. Applicants are encouraged to obtain a detailed home inspection of the property independent of the HUD certification.



Property Standards. Must meet HUD Handbook 4000.1 MPR and MPS.



Thermal Inspection. Not required for existing homes.



Pest Inspection. Not required unless the lender, appraiser, inspector or State law requires the inspection.



New Construction. Must be designed and constructed in accordance with certified plans and specifications.

Condominiums



Applicants remain responsible to obtain individual homeowners insurance and/or flood insurance, as applicable

Units are eligible if approved or accepted by HUD/FHA, VA, Fannie Mae, or Freddie Mac

- ✓ **Lenders must retain documentation that supports the project's approval or acceptance**
- ✓ **Lender will document approval on the Uniform Underwriting Transmittal Summary or on RD "Attachment 12-B, Condo Certification"**

Manufactured Homes

Pilot Program States include Colorado, Iowa, Louisiana, Michigan, Mississippi, Montana, Nevada, New Hampshire, New York, North Dakota, Ohio, Oregon, Pennsylvania, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, Washington, West Virginia, Wisconsin, and Wyoming.

- **Site development work**
- **Purchase of eligible unit**
 - **Unit must be NEW (less than 12 months old and never occupied)**
 - **Pilot Program: Must have been constructed on or after January 1, 2006**
- **Transportation and set-up costs**
- **Purchase of site if not already owned by applicant**



Combination Construction to Permanent Loan



Highlights

- Lack of affordable housing stock in rural America...new construction gives options!
- USDA's Loan Note Guarantee issued immediately after loan closing (before house is built)!
- Single-Close Construction loans save Applicants money over older "two-time" closed loans because there is only 1 loan closing (& 1 set of loan closing costs)!

Combination Construction to Permanent Loan

(a/k/a Single-Close-Construction Loan)



Lower Out-of-Pocket Costs

A Contingency Reserve up to 10% of purchase price may be established from loan funds to allow for cost over-runs, and up to 12-months of loan payments during construction



!! Loan Note Guarantee at Closing !!

Issued prior to construction and sellable on secondary market – attractive to Lenders!



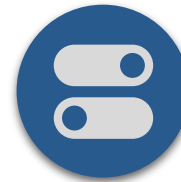
Reduced Risk

To both lenders and builders



One Closing

Only one loan closing required, saving borrower from excess closing costs



Two Products Available

Securitized and Standard Interest Only



Realtor Commission

Paid at time of closing – prior to construction



Sellable on Secondary Market

Ability to sell immediately after closing on secondary market



Guaranteed Underwriting System (GUS)

HB-1-3555, Chapters 5 & 15



Utilizing GUS (Guaranteed Underwriting System)



All qualifying loans must go through GUS

- Developed to automate process of credit risk evaluation of the SFHGLP.
- GUS compliments but does not replace the judgement of experienced underwriters.
- Incorporates a modified version of the Federal Housing Administration TOTAL score card.
- GUS is not designed to evaluate the dependability of repayment income.

GUS User Roles

****IF you are a Third Party Originator the Approved Lenders you choose to work with will assign roles in GUS. As a Direct Lender the assigned Security or Branch Administrator on staff, will assign roles in GUS. ****

Security or Branch Administrator

- Imports applications
- Manually enters application information
- Performs preliminary and final submission
- GUS contact for organization and administers access for staff
- Lenders should have 2 Security Administrators

Representative with Final Submit Authority

- Imports Applications
- Manually enter application information
- Certifies the loan has been underwritten by the lender
- Confirms data is accurate and consistent with lender's loan file
- Performs preliminary and final submission

Can be at lender or branch level

Representative

- Imports applications
- Manually enters application information
- Preforms preliminary submission

Can be at lender or branch level

Lender Agent/Broker

- Manually enters loan application information on behalf of a lender through the Lender Agent affiliation
- Preforms preliminary submission
- Must release control of application back to the lender user for final submission

Lender Submission Process

INPUT

Lender (or their agent) inputs application into the GUS.



SUBMIT

Lender's underwriter requests the "Final" submission in the GUS once all information and documentation has been reviewed and verified.



AGENCY REVIEW

Rural Development reviews request to ensure Regulation and Handbook requirements have been met.



UPLOAD

Lender uploads required documentation based on their GUS Underwriting Findings Report.

NOTIFICATION

The GUS notifies Rural Development that there is a new application to review for Conditional Commitment.

LOAN DECISION ISSUED

Conditional Commitment or loan denial letter issued to Lender. Lender may close loan once Conditional Commitment is issued.

****Important note, you have 30 days from Loan Closing to submit your request for your LNG.****

Understanding Submission Types

ACCEPT

- Review “GUS Findings Report”.
- Refer to “Loan Origination Checklist” (Attachment 15-A) for Accept Loans.
- Upload documents via the GUS in stacking order.
- **Find the checklist in the LINC Library.**

ACCEPT with FULL DOCUMENTATION

- Review “GUS Findings Report”.
- Refer to “Loan Origination Checklist” for Manually Underwritten Loans. Not all documents will be applicable.
- Upload documents via the GUS in stacking order.

REFER and REFER with CAUTION

- Review “GUS Findings Report”.
- Not a reason to deny the loan, it needs further review.
- Refer to “Loan Origination Checklist” for Manually Underwritten Loans.
- Upload documents via the GUS in stacking order. No need to email anything!

GUS Lender User Guide



GUS LENDER USER GUIDE

OCTOBER 2021

Guaranteed Underwriting System (GUS)

HOME > RESOURCES > USDA LINC TRAINING & RESOURCE LIBRARY

LINC Training Library

Guaranteed Underwriting System (GUS)

- Lender Approval
- Lender Training
- Loan Closing
- Loan Origination
- Loan Servicing
- GUS Lender Test Environment

Documentation and Resources

1. [GUS Lender User Guide](#)
2. [GUS File Import Guide](#)
3. [Pop-Up Information \(PDF\)](#)
4. [Gaining Access to GUS](#)
5. [GUS User Agreement & Training Cert](#)
6. [Lender Agent Access to GUS](#)
7. [SFHGLP System Access and Security Guide](#)
8. [Lender Request for Branch Addition/Modification](#)
9. [Single Close Rehab User Guide](#)

[GUS LENDER USER GUIDE \(usda.gov\)](https://usda.gov)

Toolkit



Lender Webpage



Monitor posted turn times daily



Don't forget to sign up for GovDelivery updates



SFH Guaranteed Lender | Rural Development (usda.gov)

SFH Guaranteed Lender

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Direct Loan Application Packagers

COVID-19

An important notice for servicers with loans insured or guaranteed by the Rural Housing Service [CARES Act Forbearance Fact Sheet for Mortgagees and Servicers](#)

Loan Status

We are currently reviewing new loan applications and conditions received on or before **1/24/2023**

Subscribe to Notifications

Critical program information such as policy updates, funding status, and automation changes are sent by email through GovDelivery [Sign Up to Receive Critical Updates](#)

Overview

On February 16, 2020 we integrated the Guaranteed Loan Program into a single integrated national team! For more information, please reference our [Integration Information sheet](#).

USDA Rural Development's Guaranteed Loan Program assists approved lenders in providing up to 100% financing for eligible borrowers (households that do not exceed 115% of the [Median Household Income](#)) purchasing homes in [eligible rural areas](#). Automated underwriting assistance through GUS (Guaranteed Underwriting System) allows for expanded ratios and flexible credit. Download the [Guaranteed Rural Housing Lender fact sheet](#).

We now have [Single Close Construction-to-Permanent Financing](#)! A single-close loan combines the features of a construction loan and a long-term permanent mortgage. Since there is only one closing, which can save considerable closing costs, the loan is considered a purchase transaction by the agency. The loan note guarantee may be issued once the interim construction loan is closed without waiting for the completion of the property.

GovDelivery



Sign Up for Program Updates!



Provides current updates on SFH Guaranteed Loan Program



https://public.govdelivery.com/accounts/USDARD/subscriber/new?qsp=USDARD_25

USDA Rural Development
U.S. DEPARTMENT OF AGRICULTURE

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7 CFR Part 3555



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Use Ctrl-F to find
answers quickly!



<https://www.rd.usda.gov/resources/regulations/program-regulations>

PART 3555—GUARANTEED RURAL HOUSING PROGRAM

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- §3555.6 State and local law.
- §3555.7 Exception authority.
- §3555.8 Conflict of interest.
- §3555.9 Enforcement.
- §3555.10 Definitions and abbreviations.
- §§3555.11-3555.49 [Reserved]
- §3555.50 OMB control number.

Subpart B—Lender Participation

- §3555.51 Lender eligibility.
- §3555.52 Lender approval.
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- §§3555.55-3555.99 [Reserved]
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HB-1-3555 SFH Guaranteed Loan Program Technical Handbook

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HB-1-3555 SFH GUARANTEED LOAN PROGRAM TECHNICAL HANDBOOK

A consolidated version of the handbook is available. [HB-1-3555](#) is a large document and may take sometime to load.

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<https://www.rd.usda.gov/publications/regulations-guidelines/handbooks>

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USDA LINC Training & Resource Library

The Single Family Housing Guaranteed Loan Program has prepared a comprehensive library of resources for all lending partners. In the categories below you have access to all of the training, resources, and important forms for program participation.

If you have questions or need additional information, please contact us. **Contact Information:** [SFHGLP Contact List](#)



Lender Approval

[Learn More](#)



Loan Origination

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Lender Training

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Loan Closing

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Contact Us



General Program/Scenario Questions: sfhgld.program@usda.gov

By Phone: 833-314-0168, ext. 4

Specific Loan Application Inquiries:

SFHGLPONE@usda.gov

- AK, AL, AZ, CA, CO, GU, HI, IA, ID, KS, MT, NM, NV, OR, SD, TX, UT, WA, WI, WP, WV, WY

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- AR, KY, LA, MN, MO, MS, ND, NE, NJ, NY, OK

SFHGLPTHREE@usda.gov

- CT, DE, GA, IL, MA, MD, ME, MI, NC, NH, RI, SC, VT, WV

SFHGLPFOUR@usda.gov

- FL, IN, OH, PA, PR, TN, VA, VI

By Phone: 833-314-0168, ext. 2

Lender Training & Outreach: sfhgld.lenderpartner@usda.gov

Lender Approval & Recertification: sfhgld.compliance@usda.gov

By Phone: 833-314-0168, ext. 3

Loan Servicing: [sfhgldpservicing@usda.gov](mailto:sfhglpservicing@usda.gov)

Technical Support (GUS): rd.hd@stl.usda.gov

By Phone: 833-314-0168, ext. 5

Technical Support (e-Authentication): eAuthHelpDesk@ftc.usda.gov

Loss Claims: guarantee.svc@stl.usda.gov

Monthly & Quarterly Status Reporting: rd.nfaoc.hsb@stl.usda.gov



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