

Closing the Loan and Requesting the Loan Note Guarantee

Single Family Housing
Guaranteed Loan Program
(SFHGLP)



Today's Topics

- ☐ Regulation 7CFR Part 3555 Subpart C
- ☐ SFHGLP Handbook 1-3555, Chapter 16
- ☐ Closing the Loan
- ☐ Lender Loan Closing (LLC) System
- ☐ Agency Review & Issuance of the LNG
- ☐ Frequently Asked Questions
- ☐ Lender Toolkit

A G E N D A

Closing the Loan

HB-1-3555, Chapter 16 and 7CFR 3555.107



Closing the Loan

- The lender is required to comply with all conditions as stated on the Conditional Commitment for Single Family Housing Loan Guarantee, Form RD 3555-18/18E and any attachments.
- The loan must close under the same, or better terms as underwritten and approved for in the Conditional Commitment.
- A loan may not close prior to the issuance of the Conditional Commitment.
- If loan should close prior to issuance of the Conditional Commitment, it will jeopardize the issuance of the LNG to the lender

Closing the Loan

HB-1-3555, Chapter 16 and 7CFR 3555.107



Timeframe

- Purchase and Refinance Transactions: The lender has 90 days from the issuance of the Conditional Commitment to close the loan - One 90-day extension may be requested prior to the expiration of the Conditional Commitment
- Construction Transactions: The expiration date for the new construction, other than the “combination construction permanent loan” AKA “Single-Close loan”, should correspond with the estimated project completion date but not exceed 12 months
- The Agency must grant any approved extensions in writing
- Once the loan closes, the lender should submit the required documentation to the Agency within 30 days for issuance of LNG

Closing the Loan

HB-1-3555, Chapter 16 and 7CFR 3555.107



Compliance

- The loan must close under the same, or better terms as underwritten and approved for as reflected on the Conditional Commitment
- Adverse changes may require the release of the application submitted in GUS to the lender for correction and resubmission
- The Agency must verify in writing prior to loan closing that the changes are acceptable
- The Agency does not require specific loan documents for closing
- Any cash back to the borrower must be for pre-paid eligible loan purposes only

Closing the Loan

HB-1-3555, Chapter 16 and 7CFR 3555.107



Signatures

- All parties applying for the loan and assuming the responsibility of the mortgage debt must sign the loan application and addendum
- Standard industry closing documents are utilized when closing the loan
- Any person whose signature is required by state law, such as a non-purchasing spouse must sign the security instruments and/or note
- All owners that will be vested on title must sign the security instrument
- Lenders should never encourage or ask borrowers to sign blank or incomplete documents
- E-signatures are acceptable

Closing the Loan

HB-1-3555, Chapter 16 and 7CFR 3555.107



Power of Attorney

- Any specific or general POA must comply with state law and allow for legal enforcement of the mortgage note
- For military personnel, a POA may only be used for one of the applications (initial or final) – but not both
- For incapacitated borrowers, a POA may only be used in specific situations
- Electronic signatures may be accepted with certain criteria

Closing the Loan

HB-1-3555, Chapter 16 and 7CFR 3555.107



Interest Credit Closing

- Allowed for loans that were scheduled to close at the end of the month but did not due to unforeseen circumstances
- Lenders and Borrowers may agree to credit the per diem interest to the borrower and have mortgage payments begin the first of the succeeding month

Closing the Loan

HB-1-3555, Chapter 16 and 7CFR 3555.107



Lender Certification

- The lender will certify that the loan has been underwritten and closed in accordance with the regulation and that it meets all conditions set forth from the Conditional Commitment
- The lender certification attests that all required documentation has been provided to the Agency
- The lender will acknowledge that upon receipt and acceptance of the conditions of the Conditional Commitment and the required fees that the Agency will issue the Loan Note Guarantee



Forms of Ownership

HB-1-3555, Chapter 16.12

Secure Leasehold Interest	Native American Restricted or Trust	All Other
Applicant must be unable to obtain fee-simple title to the property	Evidence that the tribe has enacted legally binding and effective foreclosure & eviction procedures	Leasehold estates are an accepted practice and readily marketable in the area where the subject property is located
The rent charged for the lease must not exceed the rate paid for comparable leases	Evidence that the tribe has adopted procedures ensuring that the guaranteed loan will always have 1 st lien position	Neither the leasehold nor the fee-simple title may be subject to a prior lien unless Agency authorizes acceptance
The appraisal must document these conditions	Lender must have a copy of the tribe's lease for use on residential land	The lease must be in writing, recorded and contain all required provisions
The lessor must own the fee-simple title	Lender will adhere to the Tribe's mortgage, foreclosure and eviction ordinances and terms of lease	The language regarding amendments to mortgages with leasehold interest must be inserted in the mortgage

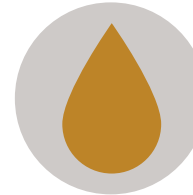
Insurance Requirements

HB-1-3555, Chapter 16.12C



Hazard Insurance

- Lenders must ensure that borrowers continuously maintain insurance
- Hazard policy must be in effect at the time the loan is closed
- Properties should have replacement cost coverage
- Lenders should adopt accepted industry standards
- Properties should have replacement cost coverage in an amount that is at least equal to the guaranteed value of the improvements or the unpaid principal balance. Deductible(s) should not exceed 5% of the total coverage amount



Flood Insurance

- Required for properties located within a SFHA
- Property must be located in NFIP participating community
- Flood policy must be in effect at the time the loan is closed
- Flood insurance must cover the LESSER of the outstanding principal balance of the loan or the maximum amount of coverage allowed under NFIP
- The maximum deductible clause for a flood insurance policy should not exceed \$10,000



Loan Closing

HB-1-3555, Chapter 16



Closing Date The date of closing will be defined as the closing date listed on the Closing Disclosure



Duplicate LNG Lenders can retrieve a reissued LNG from the LLC system, or request a certified copy, scanned copy or duplicate original



Transfer of Loans/Servicing Rights Lenders may transfer guaranteed loans to other USDA approved lenders by following the requirements in Chapter 4 of our handbook



Lien Position The guaranteed loan must have first lien position at closing, however, the lender may permit liens junior to the guaranteed if certain criteria is met



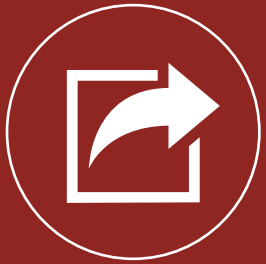
Lender Loan Closing (LLC) System

HB-1-3555, Chapter 16



Electronic Closing – Lender Loan Closing (LLC)

HB-1-3555, Chapter 16



Submission Method

Closing documents submitted electronically through LLC system



Fees

Upfront Guarantee Fee and Technology fee submitted electronically through Pay.gov



Required Documents

Minimal documentation needed to satisfy closing requirements



Level 2 eAuthentication

Apply through an approved participating SFHGLP lender

Lender Loan Closing System (LLC)

12.0 Approval

Tax Identification Number (TIN):

Complete legal name of Business [aka: User]

Street address of User

(Street, City, State, Zip Code)

Name of person executing Agreement for Lender

Title of person executing Agreement for Lender

Date of Execution

Lender Security Administrator (SA) Information

Name of SA #1

E-mail of SA #1

Phone Number SA #1

Fax Number of SA #1

e-Auth ID of SA #1 *

A Level 2 e-Auth ID can also be used for Level 1 eAuth system access.

Level 2 e-Auth IDs can be created online at <http://www.eauth.usda.gov>. Click on "Create and Account" and then click on "Register for a Level 2 Account." The e-Auth ID must be activated by clicking on the activate link in the email the user receives after applying for an e-Auth account. Additionally, Level 2 activation cannot occur without identity proofing. This can be accomplished online by clicking on <https://usdaeidg.sc.gov.usda.gov/> and entering the new Level 2 e-Auth ID and password created in the previous step. Identity proofing may also be requested by contacting a USDA Local Registration Authority (LRA). An LRA location can be located online at <http://www.eauth.usda.gov>. If unsuccessful finding an LRA, please send an email request to RD.NFAOC.HS@USDA.GOV stating identity proofing is needed, and providing the users name, telephone number, and e-Auth ID they created.

Security Administrator(s) identified are valid for:

☐ Only the location listed in the address above

☐ All locations/branches of the organization (check only one)

Lender Representative

By

Signature

Title

Date

By executing this form, I confirm I am a duly authorized officer of the company and represent and warrant the information in this form is complete and accurate.

User Agreement for Single Family Housing Guarantee Lender Loan Closing

1.0 Introduction

This agreement (Agreement) between the U.S. Department of Agriculture (USDA) Rural Housing Service, hereafter known as Agency, and _____, hereafter known as Lender and, together with the Agency, the Parties, prescribes the general procedures and policies to be followed when the USDA Lender Interactive Network Connection (LINC) is used by the Lender to enter the Guaranteed Loan System (GLS) for submitting electronic data in lieu of the paper documents normally associated when conducting business with the Agency.

The Lender and the Agency are parties to an Agreement for "Participation in Single Family Housing Guaranteed/Insured Loan Programs of the United States Government" (RD Form 3555-16, formerly RD Form 1980-16 and referred to as the Lender Agreement). The Lender and the Agency desire to adopt mechanisms that facilitate and streamline the delivery of the "Loan Note Guarantee" through the use of electronic communications by or between the Lender and the Agency.

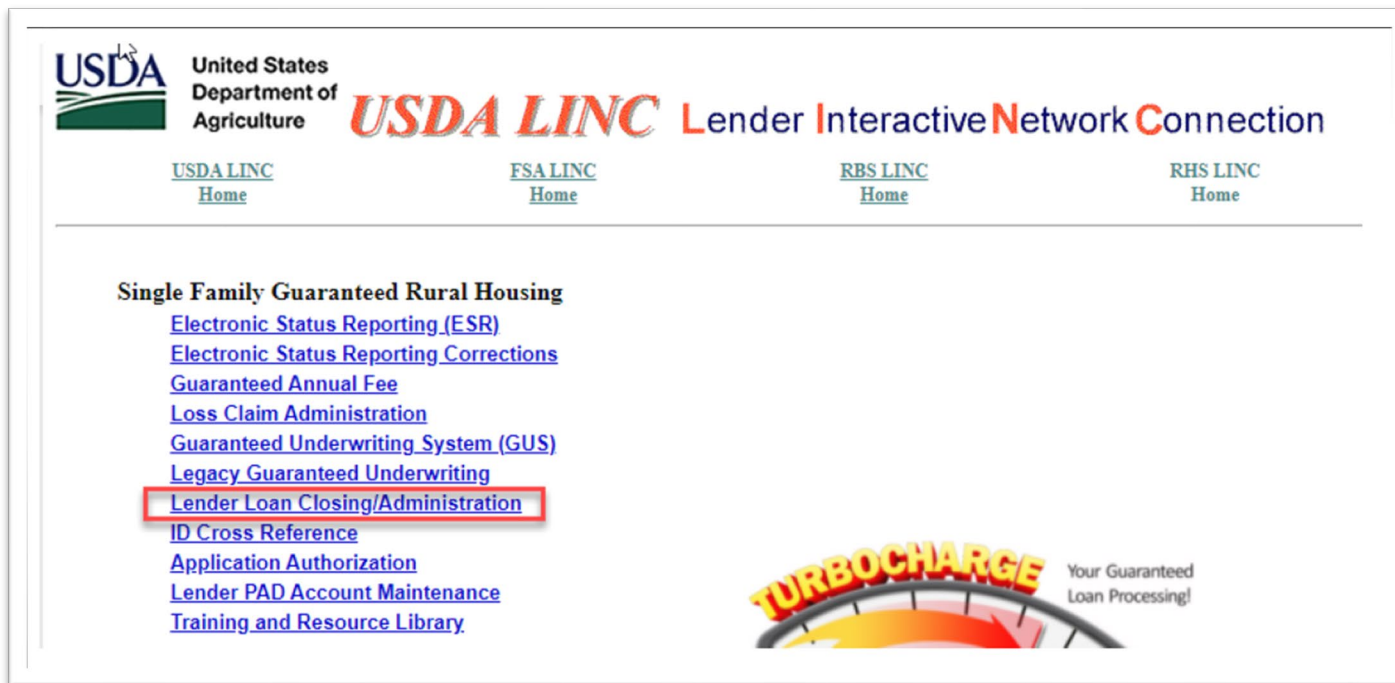
The Lender and the Agency intend that such electronic communications and transactions shall, to the same extent as executed original written documentation, constitute their valid, enforceable agreement with respect to the subject matter thereof.

Lender Approval for LLC

- Lenders must complete and submit "User Agreement for Single Family Housing Guarantee Lender Loan Closing"
- Lenders must also have an approved Form RD 3555-16
- Access the Lender Loan Closing (LLC) User Guide on the LINC Training & Resource site

Lender Loan Closing System (LLC)

<https://usdalinc.sc.egov.usda.gov/RHShome.do>



Submitting the Closing Package

- Lenders will access the LLC system through the USDA LINC site
- Lenders can submit a loan closing, cross reference borrowers and view documents and payment history
- Lenders will complete all applicable field and upload required documents through this link
- Payment of the guarantee fee and the technology fee will be completed through the pay.gov interchange

Lender Loan Closing System (LLC)

Single Family Housing Add Loan Closing

[SFH Lender Administration List](#) [SFH Add Loan Closing](#) [Help](#)

[Borrower Information](#) / [Application Information](#) / [Lender Information](#) / [Pre-Authorized Debit Accounts](#) / [L](#)

Borrower Information

Borrower ID: 46[REDACTED]7 Name: HA[REDACTED]M

Address: 31 [REDACTED]
M [REDACTED]

Property Address: 3 [REDACTED]
M [REDACTED]

Geographic State: 10 [REDACTED]

Geographic County: 00 [REDACTED]

Application Information

GLS Application Number: 10 [REDACTED]

Received Date: 04/ [REDACTED]

GUS Application ID: 25 [REDACTED]

SFH Add Loan Closing

- This page will be partially completed with information submitted by the lender through GUS
- Borrower and application information will be pre-populated based on lender's input from application
- All editable fields will be completed by the lender
- Non-editable fields will be grayed out

Lender Loan Closing System (LLC)

Loan Terms

Loan Amount:

\$136,363.00


*Promissory Note Amount:

999999999.99

☐ Same as Loan Amount


*Closing (Settlement) Date:

mm/dd/yyyy



*Maturity Date:

mm/dd/yyyy



Percent of Guarantee:

90%

*Interest Rate Basis:

365 DAYS

▼

*Guaranteed Interest Rate from Promissory Note:

99.9999

*Contact Phone Number:

(

Ext:

Important Tips

- Enter Promissory Note Amount as it appears on the Note
- Complete Closing Date must be entered as it appears on the Closing Disclosure
- Maturity Date should match that of Promissory Note
- Interest Rate defaults to 365 days but can be changed to 360 by selecting drop down box
- Guarantee Interest Rate should match Promissory Note

Lender Loan Closing System (LLC)

Fees

Jpfront Guarantee Fee	Purpose Code:	3 - INITIAL CLOSING (FEE)
	Amount:	\$1,363.63
	Deposit Date:	
Technology Fee	Amount:	\$25.00
	Deposit Date:	

Fees

- The Fee section is pre-populated based on the Loan Amount established for the Upfront Guarantee Fee and the current Technology Fee
- If Loan Amount DECREASES, the Upfront Guarantee Fee amount is modified when the page is submitted by the lender
- Deposit Date should remain blank until the fees have been transferred from the lenders PAD account

Lender Loan Closing System (LLC)

Confirm Lender Submission

I understand I am providing all information included on forms and attachments to the United States Department of Agriculture (USDA) for review and processing.

My statements on any submitted forms and attachments are true, and correct to the best of my knowledge and belief and are made in good faith.

I understand that a knowing and willing false statement can be punished by a fine or imprisonment or both. (See Title 18, Section 1001, of the United States Code.)

Are you sure you want to Submit the package?

OK

Cancel

Message

Loan Closing has been successfully submitted to USDA for processing.

OK

Lender Submission

- Confirm lender submission will take the lender through a series of screens to review the information as input
- If any of the information is noted to have an error or incorrect data, the lender may click “Cancel” which will take the user back to the “Add Closing” page so that the data may be corrected
- Once all data has been verified, click “OK” at last prompt to submit for processing

Lender Loan Closing System (LLC)

Single Family Housing Lender Administration List

ID Cross Reference Payment History **SFH Lender Administration List** Help

Search/Include Criteria

Search by:

Lender ID 36 Branch List

☒ **USDA Borrower ID**

Select Action and press [Borrower ID](#) hyperlink you wish to take action on:


Action

State	County	Borrower ID/ SSN	Borrower Name	Lender Loan Number
		602214		N

Document Upload

- Once the package has been submitted, the lender will need to upload the applicable documents
- Input the borrower ID at the SFH Lender Administration List page
- Select appropriate action from the Borrower ID hyperlink

Lender Loan Closing System (LLC)

**United States
Department of
Agriculture**

Lender Upload Document(s)

[LINC Home](#) | [FSA LINC Home](#) | [RBS LINC Home](#) | [RHS LINC Home](#) | [RUS LINC Home](#) | [Lender Profile](#) | [Help](#)

Borrower Information

Borrower ID/Name	1
Address	B.

Acceptable file formats include Adobe PDF and TIF (no password protected PDF files). Individual documents or batch files (multiple documents within same file) may be uploaded in the applicable section below. File size is limited to 30MB. Individual documents and batch files may not be uploaded simultaneously.

Add and Index Individual Document(s) into the Image Repository

User must select the Type of Document and provide the location for each individual document on a separate row by selecting the "Browse" pushbutton. Up to 12 individual documents can be uploaded at a time. Select "Submit Document(s)" to upload individual documents.

Type of Document	File Name
10001 Promissory Note	<input type="button" value="Choose File"/> Test - ECF.pdf
10016 Closing Disclosure	<input type="button" value="Choose File"/> Test Page.pdf
Select	<input type="button" value="Choose File"/> No file chosen

Document Upload

- At Lender Upload Document(s) page, select files to upload
- At minimum:
 - Promissory Note
 - Closing Disclosure
- Click "Upload Documents Completed"



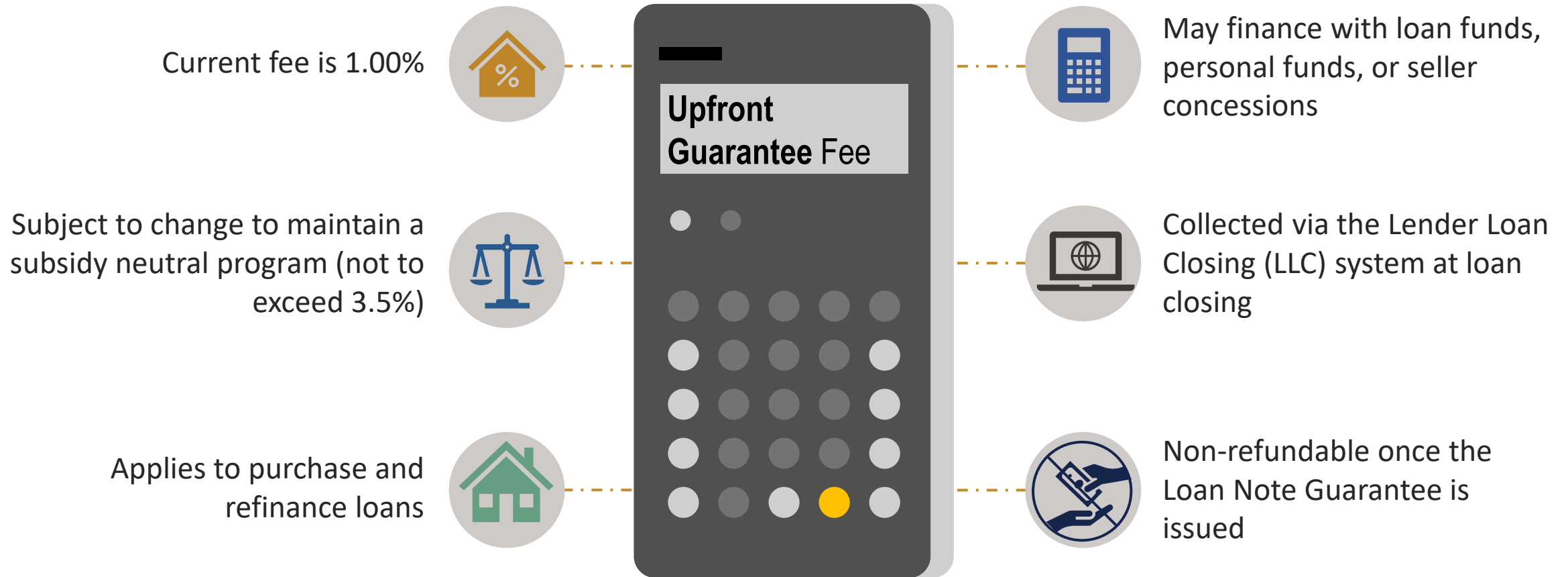
Loan Fees

HB-1-3555, Chapter 16



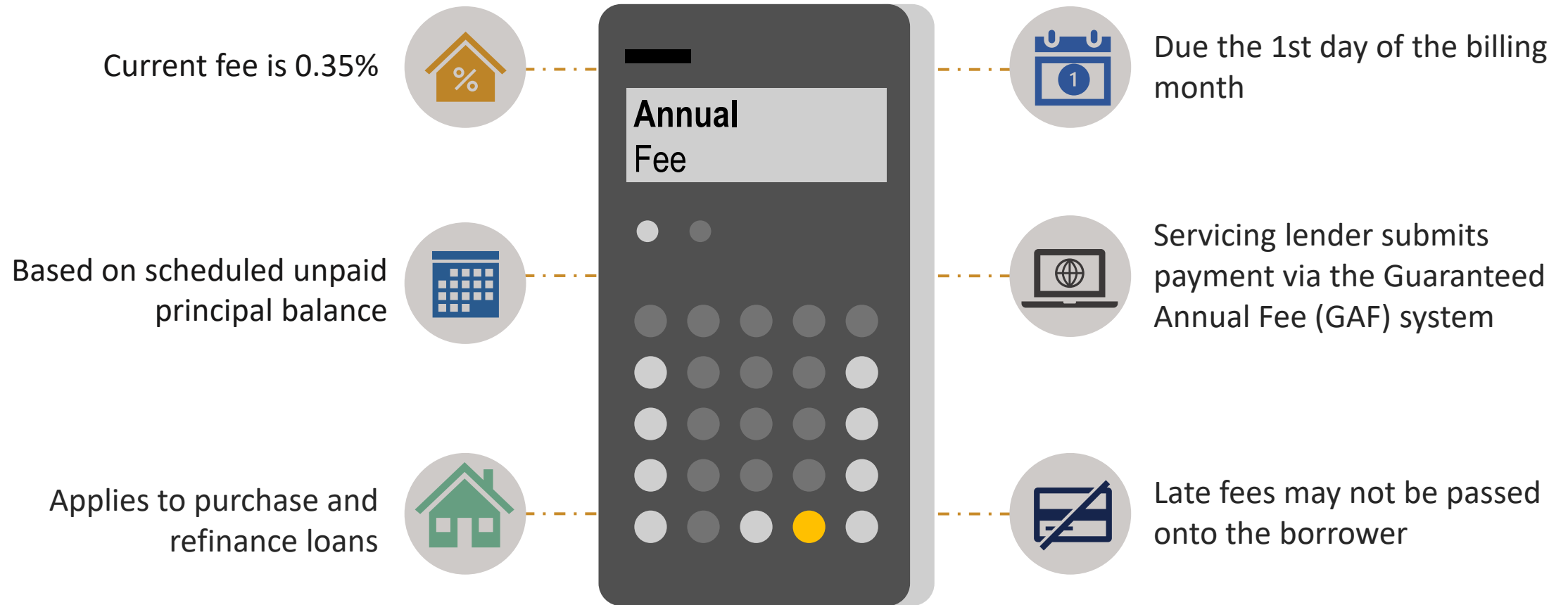
Upfront Loan Guarantee Fee

HB-1-3555, Chapter 16.4



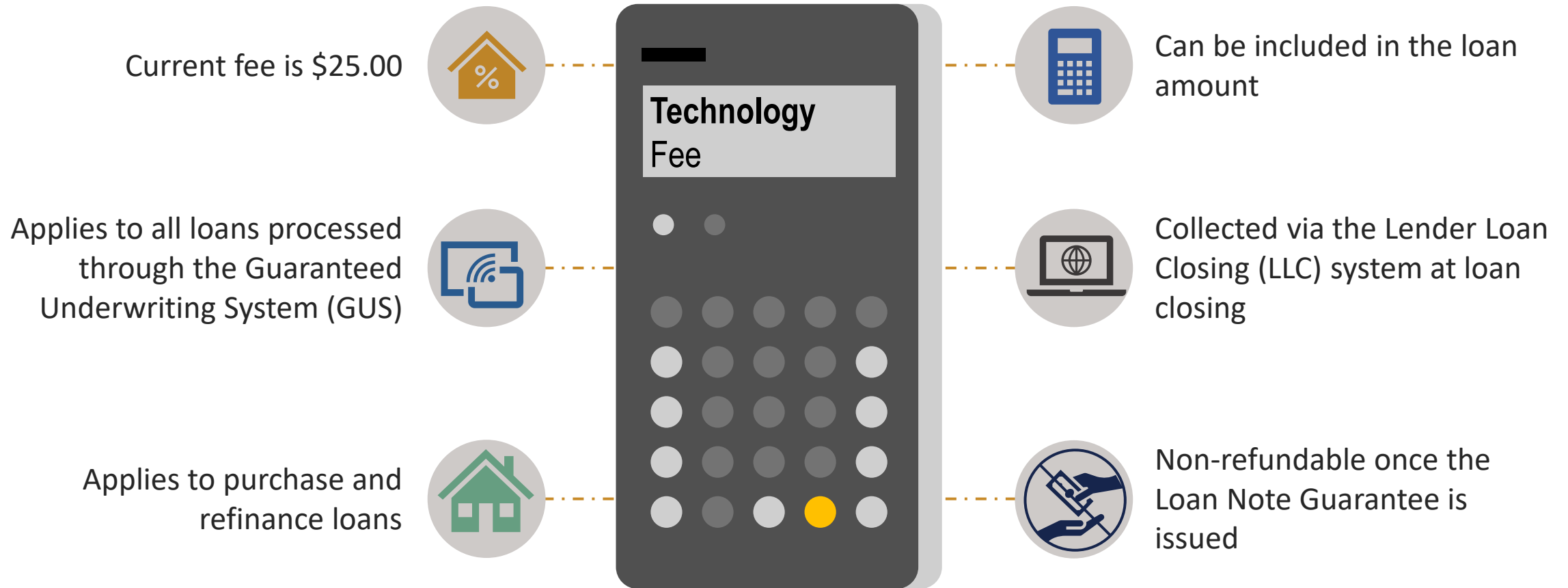
Annual Fee

HB-1-3555, Chapter 16.5



Technology Fee

HB-1-3555, Chapter 16.6



Pay.gov




<https://usdalinc.sc.egov.usda.gov/RHShome.do>

Pay.gov

- Lenders must establish a PAD for pay.gov
- System administrators must have verified identity in e-Authentication
- Adding a PAD account is completed through “Lender PAD Account Maintenance”
- The Lender Loan Closing User Guide offers step by step guidance

Lender Loan Closing System (LLC)

**United States
Department of
Agriculture**

Lender Payment History

[LINC Home](#) | [FSA LINC Home](#) | [RBS LINC Home](#) | [RHS LINC Home](#) | [RUS LINC Home](#) | [Lender Profile](#) | [Help](#) | [Logoff](#)

Search Criteria

Search By: ☒ Lender ID Branch

☐ Borrower SSN

☒ Borrower ID

☐ Lender Loan Number

☐ From Date To Date

Borrower ID / SSN	Borrower Name	Lender Loan Number	Loan Amount	Clsng Subm / PAD Subm	Loan Closing Status	Guar/Tech Fee Amt Pd	Guar/Tech Fee Status
*****3000	Fee2		\$ 151,262.00	08/17/2021 08/18/2021	PROCESSED	\$1,512.62 \$25.00	SETTLED SETTLED

Lender Payment History

- Select the Payment History tab from the Single Family Housing Lender Administration List to confirm receipt of required fees
- There are several ways to search for the loan:
 - Lender Branch
 - Borrower SSN
 - Borrower ID
 - Lender Loan Number
 - Date Range



Loan Note Guarantee

HB-1-3555, Chapter 16





Grow Rural Homeownership and Your Business *with a* **90% GUARANTEE!**



Form RD 3555-17,
Page 1



Terms of Guarantee
coverage.



Lenders may sell
guaranteed loans only
to other USDA approved
lenders.



Form RD 3555-17
(Rev. 8-22)

UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL DEVELOPMENT
RURAL HOUSING SERVICE
LOAN NOTE GUARANTEE

Form Approved
OMB No. 0575-0179
Exp. Date: 12/31/2024

State	County	Date of Note (Settlement Date)	
Primary Borrower Name		RHS Primary Borrower ID	
Co-Borrower Name	RHS Co-Borrower ID	Co-Borrower Name	RHS Co-Borrower ID
Co-Borrower Name	RHS Co-Borrower ID	Co-Borrower Name	RHS Co-Borrower ID
Lender		Lender IRS ID No.	
Lender's Address		Principal Amount of Loan	

This Loan Note Guarantee is issued under Lender Agreement for Guaranteed Single Family Housing Loans dated _____ in connection with the above identified loan.

In consideration of the making of the subject loan by the Lender, the United States of America, acting through the Rural Housing Service of the Rural Development mission area (herein called "RHS"), pursuant to Title V of the Housing Act of 1949 (42 U.S.C. 1471 et. sec.), agrees that, subject to the terms and conditions herein, it will pay to the Lender the lesser of

- Any loss of an amount equal to 90 percent of the principal amount actually advanced to the Borrower, or
- Any loss sustained by the lender of an amount up to 35 percent of the principal amount actually advanced to the Borrower, plus 85 percent of any additional loss sustained by the Lender of an amount up to the remaining 65 percent the principal amount actually advanced to the Borrower.

Loss includes only (a) principal and interest evidenced by the Note; (b) any loan subsidy due and owing; and (c) any principal and interest indebtedness on RHS approved protective advances for protection and preservation of collateral. Additional interest (including any subsidy) shall be covered by the Loan Note Guarantee up to a limit prescribed by RHS and in effect at the time any loss under this Loan Note Guarantee is paid. Net proceeds received from liquidation of the collateral will be used in calculating the amount of loss sustained by the Lender. If the Lender acquires the collateral, the net proceeds from collateral for calculating loss shall be determined by RHS as follows: (i) the collateral will be appraised as of the date of acquisition by the Lender then (ii) deduct from such appraised value an estimate of liquidation cost which will include an allowance for 60 days, the estimated time the property will be held by the Lender.

If RHS conducts the liquidation of the loan, loss occasioned to a Lender by accruing interest after the date RHS accepts responsibility for the liquidation will not be covered by the Loan Note Guarantee.

Lender may sell the guaranteed loan only to a Lender that meets the RHS qualifications and, in the manner provided in 7 CFR part 3555.

Lender may obtain participation in its loan under its procedures. Participation means a sale of an interest in the loan wherein the Lender retains the note, collateral securing the note, and all responsibility for all loan servicing and liquidation. A participant has no rights under this instrument.

CONDITIONS OF THE GUARANTEE

1. Loan Servicing

Lender will be responsible for servicing the entire loan and Lender will remain mortgagee and/or secured party of record. The Lender may sell loan servicing rights to an RHS eligible Lender when the purchasing Lender agrees to be bound by all of the same terms as the selling Lender and this agreement and the RHS Lender Agreement for Guaranteed Single Family Housing Loans.

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0179. The time required to complete this information collection is estimated to average 5 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

Form RD 3555-17, Page 2



“Full Faith and Credit” Information



Rural Development Business Center Servicing Office contact information



Form RD 3555-17
(Rev. 08-22)

2. Full Faith and Credit

The Loan Note Guarantee constitutes an obligation supported by full faith and credit of the United States and is incontestable except for fraud or misrepresentation of which the lender has actual knowledge at the time it becomes such lender or which the lender participates in or condones. A note which provides for the payment of interest on interest shall not be guaranteed. If the note to which this instrument is attached or relates provides for the payment of interest on interest, then this Loan Note Guarantee is void. In addition, the Loan Note Guarantee will be unenforceable by the lender to the extent any loss is occasioned by violation of usury laws, negligent servicing, or failure to obtain the required security regardless of the time at which RHS acquires knowledge of the forgoing. Any losses occasioned will be unenforceable by the lender to the extent that loan funds are used for purposes other than those approved by RHS in its Form RD 3555-18, "Conditional Commitment for Single Family Housing Loan Guarantee." Negligent servicing is defined as the failure to perform those services which a reasonably prudent lender would perform in servicing its own loan portfolio of loans that are not guaranteed. The term includes not only the concept of a failure to act but also not acting in a timely manner or acting contrary to the manner in which a reasonably prudent lender would act up to the time of loan maturity or until a final loss is paid. If RHS determines that a Lender did not originate a loan in accordance within the requirements in 7 CFR part 3555, and RHS pays a claim under the loan guarantee, RHS may revoke the Lenders' eligibility status in accordance with Section 3555.52 and may also require the Lender:

1. To indemnify RHS for the loss, if the payment under the guarantee was made within 60 months of loan closing; or
2. To indemnify RHS for the loss regardless of how long ago the loan closed, if RHS determines that fraud or misrepresentation was involved in connection with the origination of the loan in accordance with Section 3555.108.
3. Lender will receive all payments of principal and interest, annual fee, and any loan subsidy on the account of the entire loan.
4. The Loan Note Guarantee is subject to an annual fee billed to the Lender and collected by the Agency on an annual basis for the life of the loan, based upon an annual fee percentage of: ____%. The annual fee will be based on the average annual scheduled unpaid principal balance of the loan and may be passed on to the guaranteed loan borrower. A late charge will be charged if the fee is not paid by the date set by RHS.
5. Protective Advances made by the Lender pursuant to RHS regulations will be guaranteed against a percentage of the loss to the same extent as provided in the Loan Note Guarantee.
6. The Loan Note Guarantee will terminate automatically (a) upon full payment of the guaranteed loan; or (b) upon full payment of any loss obligation hereunder; or (c) upon written notice from the Lender to RHS that the guarantee will terminate provided this Loan Note Guarantee is returned to be canceled by RHS.
7. Any amount due under this instrument will be determined and paid, as provided in 7 CFR part 3555 in effect on the date of this instrument.
8. All notices and actions may be initiated through Rural Development National Financial and Accounting Operations Center at the following email address: rd.so.hsb@usda.gov

UNITED STATES OF AMERICA
RURAL DEVELOPMENT
RURAL HOUSING SERVICE

By: _____
Title: _____
Date: _____

Assumption Agreement by:	_____	Dated:	_____
	(Transferee)		
Assumption Approved by RHS:	_____	Dated:	_____
(new note, if taken, is attached)			
Assumption Agreement by:	_____	Dated:	_____
	(Transferee)		
Assumption Approved by RHS:	_____	Dated:	_____
(new note, if taken, is attached)			

Full Faith and Credit

7 CFR 3555.108



General

- Loan Note Guarantee (aka “LNG”)
 - Represents an obligation which is supported by full faith and credit of the United States.
 - Incontestable except for fraud or misrepresentation of which the lender has actual knowledge of.
- Misrepresentation includes negligent misrepresentation on behalf of the lender.

Full Faith and Credit

7 CFR 3555.108



Interest

- Interest on interest payments are prohibited.
- The Loan Note Guarantee will be void if the Note provides for payment of interest on interest.
- Interest may be capitalized in connection with re-amortization.

Full Faith and Credit

7 CFR 3555.108



Violations

- Loan Note Guarantee will be unenforceable if loss is due to:
 - Violation of the regulations
 - Negligent servicing
 - Inconsistent with the regulations and failure to perform services which a reasonably prudent lender would perform.
 - Failure to act in a timely manner.
 - Failure to obtain required security
 - Use of loan funds for unauthorized purposes

Full Faith and Credit

7 CFR 3555.108



Indemnification

- Loan was not originated in accordance with regulation.
- Agency pays loss on loan that defaulted within 5 years of loan closing and the originating lender:
 - Utilized unsupported data or omitted material information;
 - Failed to properly verify and analyze the applicant's income and employment history;
 - Failed to address property deficiencies identified in the appraisal or inspection report; OR
 - Used an appraiser that was not properly licensed or certified.

Full Faith and Credit

7 CFR 3555.108



Indemnification

- Loan origination includes fraud or misrepresentation.
 - Indemnification may be required regardless of time elapsed.
 - The Agency may use any other legal remedies it has against the originating lender.
- Loan Note Guarantee will remain in effect for any holder of the loan who acquired it from an originating lender.

Loss Claim Coverage

Maximum payment a servicer may collect from the Agency is the lesser of:

- 90% of the original principal amount advanced to the borrower; or
- 100% of any loss equal to or less than 35% of the original principal advanced, plus 85% of any remaining loss up to 65% of the principal advanced.

Loss Claim Payment Example

$$\text{OPA} = \underline{\$100,000}$$

$$90\% = \underline{\$90,000}$$

$$35\% \text{ of OPA} = \underline{\$35,000}$$

$$65\% \text{ of OPA} = \underline{\$65,000}$$

$$85\% \text{ of } 65\% \text{ of OPA } (\$65,000) = \underline{\$55,250}$$

$$35,000 + 55,250 = \underline{\$90,250}$$

Payment would be **\$90,000**, which is the lesser amount.



Agency Review Issuance of the Loan Note Guarantee

HB-1-3555, Chapter 16



Requesting the Loan Note Guarantee

HB-1-3555, Chapter 16.3 and 7CFR 3555.107(i)(5)

30 DAYS

Within 30 days of loan closing, the lender must request issuance of a loan guarantee



INSURANCE

The lender will maintain evidence of hazard insurance and, if applicable, flood insurance



SUBMIT



LENDER CERTIFICATION

The lender will certify the loan was closed in accordance with the Conditional Commitment

DOCUMENTATION

Evidence of documentation supporting the properly closed loan may be submitted to the Agency

Agency Review and Issuance of LNG

HB-1-3555, Chapter 16.7



INCOMPLETE

- Additional 30 days granted to correct
- Agency will contact lender
- Agency will return if corrections cannot be made within 30 days



ACCEPTABLE

- Lender will submit electronically
- Fees through pay.gov
- Lender will retrieve LNG through LLC system



UNACCEPTABLE

- Agency will not issue LNG if errors on closing docs
- If Lender makes necessary corrections the Agency will ensure the loan meets regulatory requirements
- FAQs regarding corrections can be found in Attachment 16-B

Retrieving the Loan Note Guarantee

The LNG for Lender Loan closing may be viewed from the Single Family Housing Lender Administration List OR

Select Obligation or Loans and “submit”

To display available documents, select “Display Documents” from the Action Dropdown

The screenshot shows a web form for searching lender information. At the top, there are fields for 'Lender ID' and 'Branch', followed by a 'List' button. Below these are four radio button options: 'USDA Borrower ID' (selected), 'Borrower SSN', 'Name/State', and 'Lender Loan Number'. Each option has a corresponding text input field. To the right of the 'Name/State' field is a dropdown menu currently set to 'All States'. Below the search criteria is a section labeled 'Include:' containing three dropdown menus: 'Lender Type' (set to 'Originating'), 'Request Type' (set to 'Loans'), and 'Loan Status' (set to 'All Statuses'). At the bottom right of the form are 'Submit' and 'Reset' buttons.

The screenshot shows the top portion of a search results table. Above the table is an 'Action' dropdown menu with 'Display Documents' selected. The table has the following columns: 'State', 'County', 'Borrower ID/ SSN', 'BORROWER NAME', 'LENDER LOAN NUMBER', 'USDA Loan NUMBER', 'AMOUNT', 'USDA Lender Branch', and 'STATUS'. The first row of data is partially visible, showing 'CA' for State and '000' for County.

State	County	Borrower ID/ SSN	BORROWER NAME	LENDER LOAN NUMBER	USDA Loan NUMBER	AMOUNT	USDA Lender Branch	STATUS
CA	000							

Single Close Construction Close Out

Once construction is complete, the lender will need to go back into the LLC System to select the appropriate “Completion Type”

Access loan by inputting Borrower ID, SSN, Name/State, or Lender Loan Number

Select “Single Close Construction/Rehab” in the Action drop down

Navigation: ID Cross Reference | Payment History | **SFH Lender Administration List** | Help

Search/Include Criteria

Search by:

Lender ID: 362603955 Branch: List

☒ **USDA Borrower ID**

☐ Borrower SSN

☐ Name/State All States

☐ Lender Loan Number

Include:

Lender Type:

Request Type:

Loan Status:

Select Action and press [Borrower ID](#) hyperlink you wish to take action on:

Action:

State	County	Borrower ID/ SSN	Borrower Name	Lender Loan Number	USDA Loan Number	Amount	USDA Lender Branch	Status
10	006	\$4558831 *****9693	MONEY, ASHLEY	SINGLECLOSE	50	\$150,000.00	001	CLOSED

Single Close Construction Close Out – Principal Reduction Only

Enter the construction complete and principal reduction fields

Update the modified unpaid principal balance and the amount of the principal reduction

Upload documentation of evidence of the principal reduction and lender certification

Construction Completion Information

*Completion Type:

- ☒ Principal Reduction Only
- ☐ Principal Reduction with Loan Modification
- ☐ Construction Complete (No Principal Reduction or Loan Modification)

*Construction Completion Date: MM/DD/YYYY Lender Display Document(s) Lender Upload Document(s)

*Principal Reduction Date: MM/DD/YYYY

Unpaid Principal

Original: \$471,483.24

*Modified:

Principal Reduction Amount: Principal Reduction amount of \$0 is acceptable

Single Close Construction Close Out – Principal Reduction w/Loan Modification

Enter the construction complete and principal reduction fields. Loan Modification Date and lower Interest Rate, when applicable.

Update the modified unpaid principal balance and the amount of the principal reduction.

Upload documentation of evidence of the principal reduction and lender certification.


Construction Completion Information


*Completion Type:

☐ Principal Reduction Only

☒ Principal Reduction with Loan Modification

☐ Construction Complete (No Principal Reduction or Loan Modification)

*Construction Completion Date: 


Principal Reduction Date: 

Unpaid Principal

Original: \$471,483.24

Modified:

Principal Reduction Amount: Principal Reduction amount of \$0 is acceptable

*Loan Modification Date: 

Guaranteed Interest Rate:

Original: 3.5000%

*Modified:

Construction Complete (No
Principal Reduction or Loan
Modification)

Enter only the construction
completion date

Upload documentation of evidence
of the principal reduction and
lender certification


Construction Completion Information

*Completion Type:

☐ Principal Reduction Only

☐ Principal Reduction with Loan Modification

☒ Construction Complete (No Principal Reduction or Loan Modification)

*Construction Completion Date: 

Lender and Agency Responsibilities

- ✓ Lender must compare the DOT or Mortgage with Title Opinion to ensure 1st lien priority
- ✓ Lender must ensure that closing instructions have been followed
- ✓ Agency does not set policy for survey requirements
- ✓ Lender must ensure ownership interest protects the security property
- ✓ Lender must be able to foreclose on property in the event of borrower default
- ✓ Originating lender may be subject to indemnification if they fail to meet lien requirements



Duplicate Loan Note Guarantee

HB-1-3555, Chapter 16.9

Once the agency has prepared, issued and uploaded the *Loan Note Guarantee* to the agency's imaging repository, the lender may view and display the *Loan Note Guarantee*.

- Click on the **Loan Note Guarantee** hyperlink to display, print and/or save the document.
- Select **Cancel** to return to the **RH Lender Administration List** page.




Lender Display Documents

[LINCHome](#) | [ESA LINCHome](#) | [RBS LINCHome](#) | [RHS LINCHome](#) | [RUS LINCHome](#) | [Lender Profile](#) | [Help](#)


Borrower Information

Borrower ID/Name
Address

It may take several minutes for individually indexed documents to process and be available for display. It may take one to two hours for batch file documents to process and be available for display. Please be patient!

Click Document Description hyperlink to display the document you wish to view. 

Document Type	Document Description
10016	HUD-1 Settlement Statement
10016	HUD-1 Settlement Statement
10008	Loan Note Guarantee 
10001	Promissory Note
10001	Promissory Note
10011	Request for Guarantee

Cancel 

Viewing the Loan

The Single Family Housing Lender Administration List allows users to search the loan by status and view loan information

This information is only available to the Holding Lender

Single Family Housing Lender Administration List

[ID Cross Reference](#) [Payment History](#) [SFH Lender Administration List](#) [Help](#)

Search/Include Criteria

Search by:

Lender ID Branch [List](#)

☒ USDA Borrower ID

☐ Borrower SSN

☐ Name/State

☐ Lender Loan Number

Include:

Lender Type

Request Type

Loan Status

[Submit](#) [Reset](#)

Select Action and press [Borrower ID](#) hyperlink you wish to take action on:

[Action](#) [View Loan](#)



What Have You Learned?



Question

A loan closed at a higher loan amount than what was authorized on the Conditional Commitment. Can a principal reduction for the overage amount be completed?

Answer

No.

Since the loan has closed, a principal reduction is not acceptable. The lender may perform a loan modification to correct the loan amount to match the issued Conditional Commitment or request Rural Development to release the GUS loan back for correction.

Question

Property taxes in many states are paid in arrears, which results in a large tax credit at closing. Can an applicant receive cash back as a result of this credit?

Answer

The credit may be used to pay closing costs, but cannot result in cash back to the applicant. Only costs initially paid by the applicant out of pocket can be returned to the applicant at closing.

Question

What options are available when the Conditional Commitment will expire prior to loan closing?

Answer

The lender has 90 days from the issuance of the Conditional Commitment to close the loan with an opportunity for one 90-day extension. The extension must be requested prior to the expiration of the Conditional Commitment. The lender is responsible for ensuring documentation of credit, income, assets, etc. are updated as needed.

Question

An application has been submitted to Rural Development for review, however, a Conditional Commitment has not yet been issued. Can the loan close since the file has been submitted to Rural Development?

Answer

No.

The loan cannot close prior to the lender's receipt of the Conditional Commitment.

Question

Since a principal reduction at closing is acceptable for borrowers that would be receiving excess cash back, is there a maximum amount that is allowed?

Answer

No.

There is no limit on the amount of the principal reduction, however, the lender should determine if a loan modification would be a better option for the borrower.

Question

Does USDA allow an applicant to close in a trust?

Answer

No.

The two forms of ownership that are acceptable to the program are fee-simple and a secured leasehold.

Question

Can the USDA Upfront Guarantee Fee be noted as a Mortgage Insurance Premium on the Loan Estimate and Closing Disclosure?

Answer

Although Rural Development does not have a requirement as to how the fee is noted on the disclosures, the preference would be to list the fee on a separate line item and note as a Guarantee Fee payable to USDA/Lender.

Question

What is the maximum number of days allowed for an interest credit?

Answer

Rural Development does not have a requirement on the number of days allowed on an interest credit. The lender's standard protocol is accepted.

Question

May Loan Note Guarantees be issued beyond 60 days of the loan closing?

Answer

The lender must provide evidence the loan was properly closed and remit the upfront loan guarantee fee and the USDA technology fee within 30 days of closing the loan.

Question

The _____ will pay the annual fee to the Agency.

Answer

Servicer

The servicer will electronically pay the Agency the annual fee on all purchase and refinance transactions which may be passed to the borrower.

Question

What is the maximum that a servicer may collect from the Agency on a loss?

- A. 90% of the original principal amount actually advanced to the borrower; or
- B. 100% of any loss equal to or less than 35% of the original principal advanced, plus 85% of any remaining loss up to 65% of the principal advanced.

Answer

The maximum that a servicer may collect from the Agency on a loss is the lesser of:

90% of the original principal amount actually advanced to the borrower; or 100% of any loss equal to or less than 35% of the original principal advanced, plus 85% of any remaining loss up to 65% of the principal advanced.



Lender Toolkit



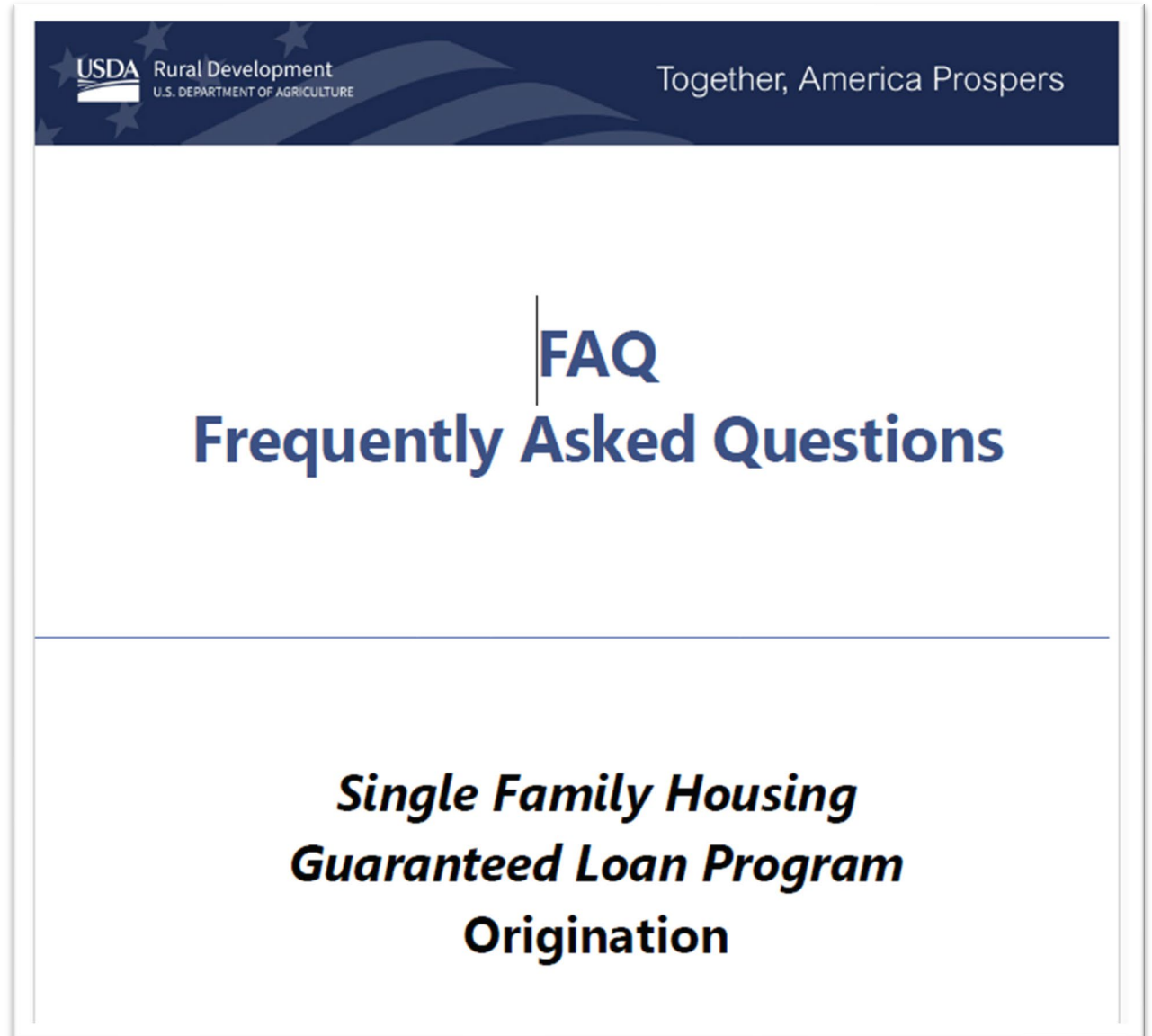
Origination FAQs



Bookmark It!



Use Ctrl-F to find
answers quickly!





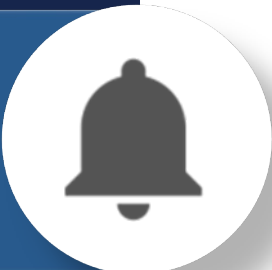
Training &
Resources



Check back for
updates



Don't forget to sign
up for GovDelivery
updates



USDA LINC Training & Resource Library

HOME RESOURCES

Resources

- Acronyms
- Directives
- Disaster Assistance
- Environmental Studies
- Forms
- Publications
- Regulations and Guidance
- Rural Data Gateway
- LINC Training Library
- Guaranteed Underwriting System (GUS)
- Lender Approval
- Single Family Housing GLP Policy Desk
- Lender Training
- Loan Closing
- Loan Origination
- Loan Servicing
- GUS Lender Test Environment (LTE)
- SFHGLP System Access and Security Guide
- Lender Training Schedule
- Loan Processing
- LINC Contact and Resources
- Lender List
- RBCS How-To Apply Video Series for Applicants

English

Loan Status

We are currently reviewing new loan applications and conditions received on or before **5-23-2025**.

New Information

[Job Aid - Eligibility for the Single Family Housing Guaranteed Program](#)

Lender Approval and Recertification

Loan Origination

Loan Closing

Policy Desk

Lender Training

Loan Processing

Loan Servicing

Guaranteed Underwriting System (GUS)

Contact Us

Find contact information and resources to help you with Single Family Housing Guaranteed Loan Program questions.

[View Contact Information](#)

GovDelivery Updates

An archive of previously released email bulletins and program updates are outlined below. Stay connected with the latest information by [subscribing to our emails](#).

Have a question on
POLICY?

Contact the PAC team!



Need **TRAINING?**

Contact the LPA team!



Have a question on a
SPECIFIC FILE?

Contact the OPD!



Topic	Information
	<p>Information to include in email:</p> <ul style="list-style-type: none">• Identify the state the application is located; if applicable;• Provide applicant's name and USDA borrower ID, if applicable;• GUS loan number, if applicable• Include contact information; and• Indicate if you would like a call back (otherwise you will receive an email reply) <p>File-Specific Questions by phone: 833-314-0168, ext. 2 Phone System Availability: 9:00 am to 3:30 pm ET</p> <p>File-Specific Questions</p> <p>Origination and Processing Division 1: SFHGLP.OPD1@usda.gov</p> <p>Supporting: AL, AK, AR, AZ, CA, CO, GU, HI, IA, ID, KS, KY, LA, MO, MN, MS, MT, ND, NE, NM, NJ, NY, NV, OK, OR, SD, TX, UT, WA, WI, WV</p> <p>Origination and Processing Division 2: SFHGLP.OPD2@usda.gov</p> <p>Supporting: CT, DE, FL, GA, IL, IN, MA, MD, ME, MI, NC, NH, OH, PA, PR, RI, SC, TN, VA, VI, VT, WV</p>

Have a question on
POLICY?

Contact the PAC team!



Need **TRAINING?**

Contact the LPA team!

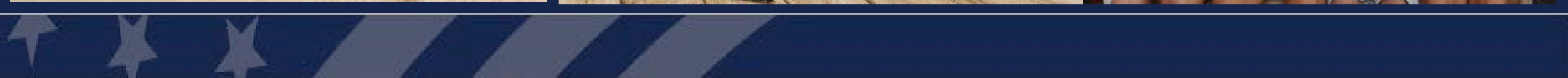
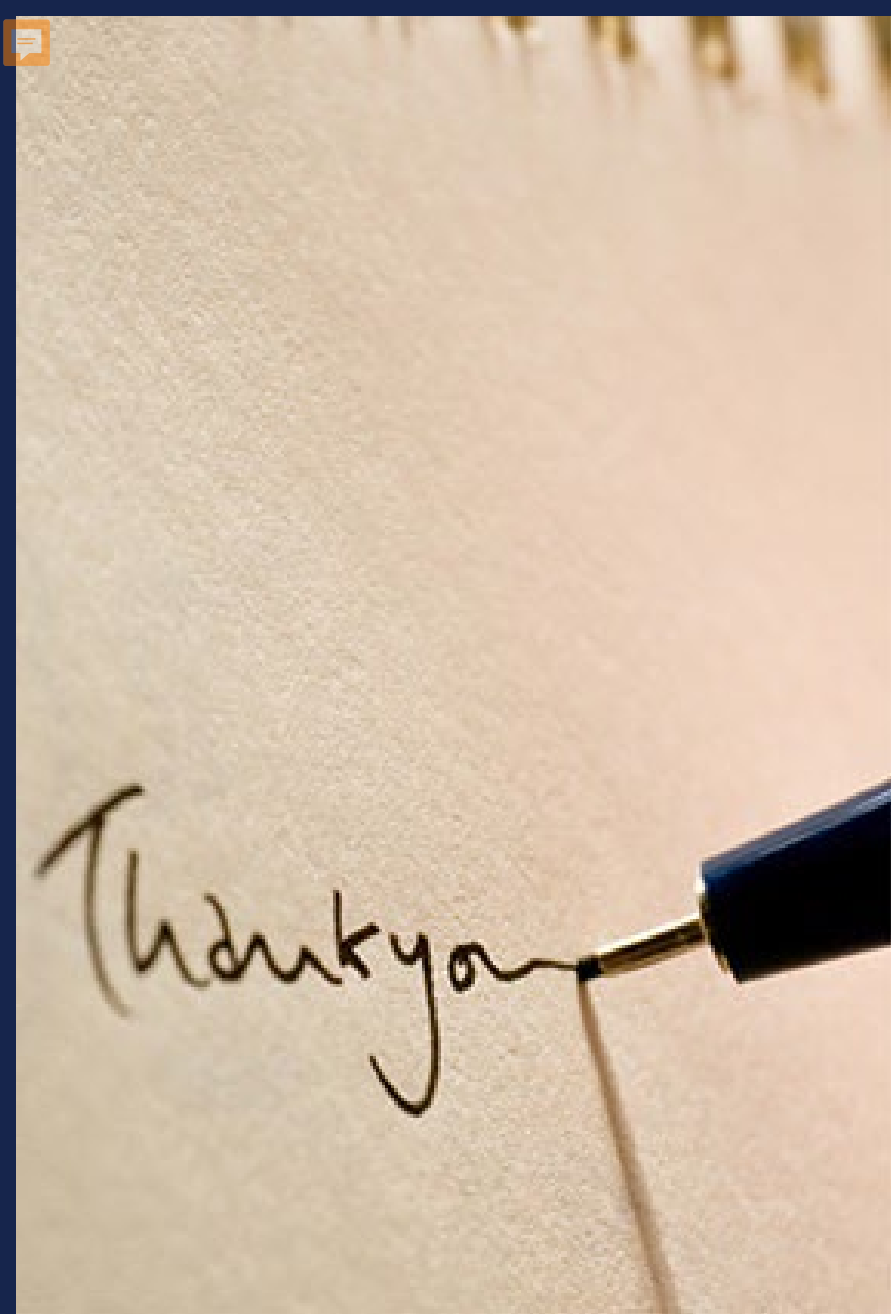


Have a question on a
SPECIFIC FILE?

Contact the OPD!



Topic	Information
Lender Self-Report	SFHGLD.QA@usda.gov
Program Training Program Marketing and Outreach	sfhgld.lenderpartner@usda.gov
General Loan Scenario Questions Loan Policy/Regulation/Handbook	sfhgld.program@usda.gov or *833-314-0168, ext. 4
Turn Times	833-314-0168, ext. 1 Phone System Availability: 9:00 am to 3:30 pm ET
Lender Approval/Recertification Loan Servicing	sfhglpservicing@usda.gov
Technical Issues: GUS	RD.HD@USDA.GOV or (800) 457-3642 option 2, option 2
Technical Issues: eAuth or Login.gov	https://www.eauth.usda.gov/eauth/b/usda/faq Select Public Customer FAQs
Loss Claims	guarantee.svc@usda.gov
Monthly and Quarterly Status Reporting GUS User Agreements	RD.SO.HSB@usda.gov
Adding/Removing Security Administrator (SFH Guaranteed Loan Program Automated Systems)	Form Instructions





www.rd.usda.gov

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