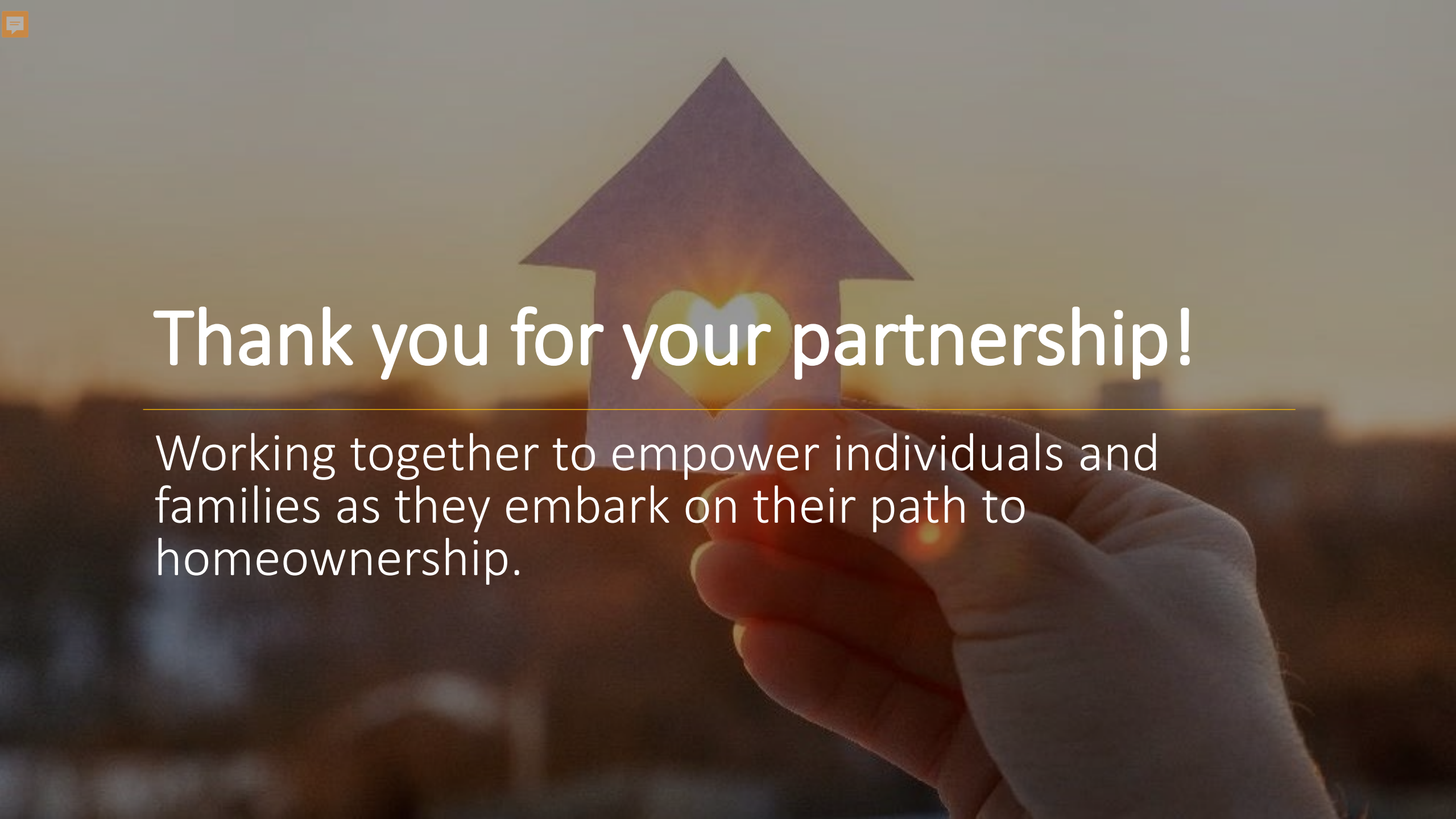
# New Lender Training – Part 1

## Single Family Housing Guaranteed Loan Program

USDA Rural Development
U.S. DEPARTMENT OF AGRICULTURE

02/2026



# Thank you for your partnership!

Working together to empower individuals and families as they embark on their path to homeownership.

# AGENDA

## PART 1

1. Program Highlights
2. Loan Purposes and Terms
3. Applicant Characteristics

## PART 2

4. Annual, Adjusted Annual, and Repayment Income
5. Calculating Income from Assets
6. Income Verification and Documentation Requirements

## PART 3

7. Credit Analysis
8. Ratio Analysis

## PART 4

9. Property Requirements
10. New Construction & Manufactured Housing

## PART 5

11. Loan Submission Process & GUS Overview
12. Lender Toolkit

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# Program Highlights

# USDA Rural Development Mission

USDA RD is committed to helping improve the economy and quality of life in rural America.

Together, America Prospers!

| Guaranteed | | Direct |
| --- | --- | --- |
| Moderate-income limits (115% of median family income) | INCOME | Very low to low-income limits (80% of median family income) |
| Must be in an eligible rural area; site must be typical for the area | PROPERTY | Must be in an eligible rural area; site and home size restrictions |
| 30-year fixed rate | INTEREST RATE | Typically 33-year term; Payment assistance available |
| Apply through a participating SFHGLP lender | HOW TO APPLY | Complete an online assessment and apply directly to RD |

# Homebuyer Benefits

- No down payment.
- 100% financing based on appraised value.
- No specific minimum credit score requirement.
  Alternative credit option.
- Not limited to first time homebuyers.
- No maximum purchase price limits.

# Lender Benefits

- Reduced risk with up to a 90% guarantee and premium pricing on the secondary market.
- Credit towards Community Reinvestment Act (CRA) performance.
- Streamlined documentation requirements with the use of the Guaranteed Underwriting System (GUS).
- Online training modules and resources that are easy to navigate.
- **Customer service**…*we're always striving to be better for you!*

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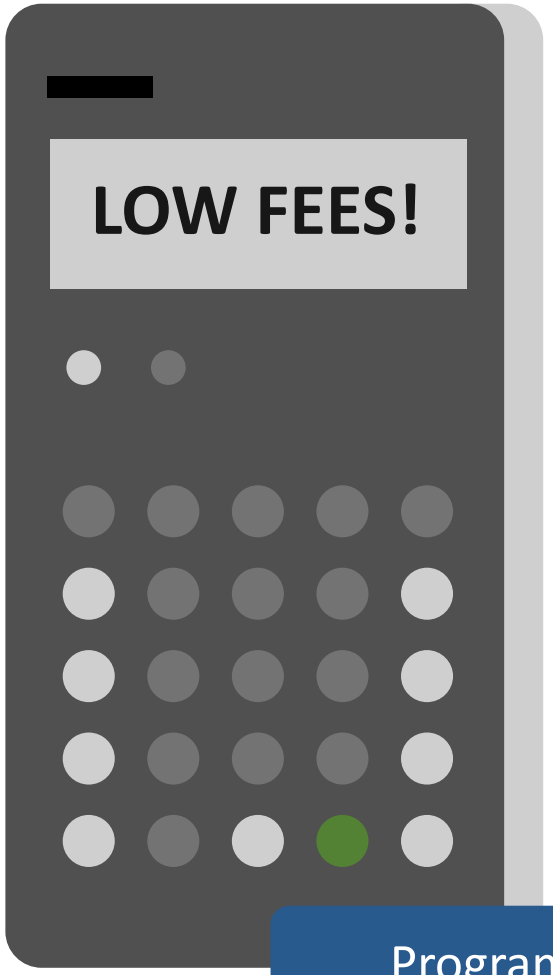
# Loan Purposes and Terms

# Low Loan Fees




**Upfront Guarantee Fee.** Current Fee is **1%** of Loan Amount.
May finance with loan funds, personal funds, or seller commissions.
Subject to change to maintain subsidy neutral program, but not to exceed 3.5%.

**Annual Fee.** Current Fee is **.35%.**
Calculated based on average scheduled unpaid principal balance.

**Technology Fee.** Current Fee is **$25**.
This fee may be passed to borrower and can be included in loan amount.

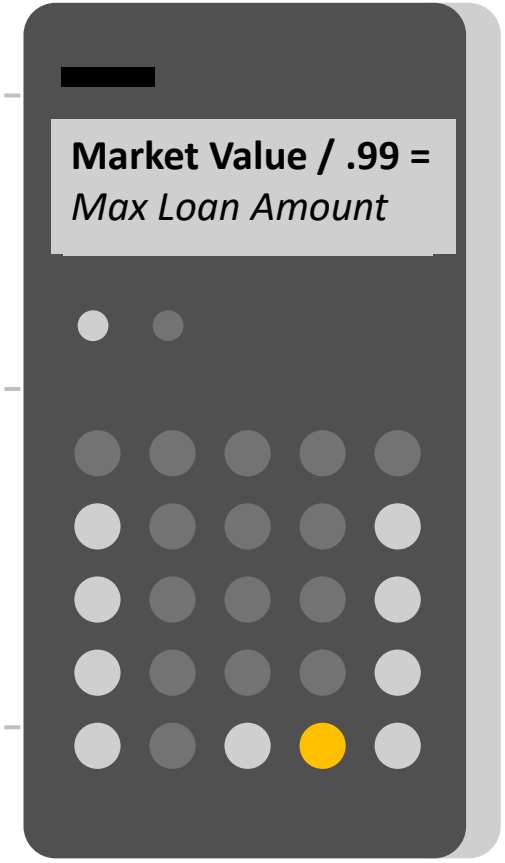
Program is not subsidized and is budget neutral; fully funded year round by program fees.

# Maximum Loan Amount

Applicant may finance reasonable and customary expenses

Determined by applicant's income and repayment ability

Determined by the appraised value of the property




Loan to value can exceed 100% of the appraised value when the upfront guarantee fee is financed

The maximum loan amount is calculated by dividing the appraised value by .99

This results in a loan amount which includes the upfront 1% guarantee fee

# Interest Rate

**Maximum interest rate cap was eliminated effective October 1, 2019!**

Lender and the borrower are free to negotiate any mutually acceptable fixed interest rate.

**Fixed rates only!**

Not allowed: ARM, balloon mortgage, negative amortization, prepayment penalties.

**Term must be 30 years!**

Terms less than 30 years are not allowed.

# Loan Purposes

## Acquire a Site and Dwelling

Loan funds may be used to purchase existing or build new.

Income producing buildings and/or land are prohibited.

## Reasonable and Customary Expenses

These closing costs may be paid for with loan funds. Seller contributions are limited to 6% of sales prices.

## Repairs and Rehab

May be financed when combined with purchase of home. Escrows allowed for repairs that don't affect the livability of the home.

## Refinance

May include "take out" construction financing or refinance of an existing Rural Development Direct or Guaranteed loan.

# **REFINANCE** Options

## HB-1-3555, Chapter 6, Attachment 6-A

### Streamlined-Assist, Streamlined, and Non-Streamlined

https://www.rd.usda.gov/sites/default/files/rd-sfh-refinancematrix.pdf

- Only loans financed or guaranteed by USDA are eligible.
- Existing loan must have closed 180 days prior to the request for Conditional Commitment.
- Fixed interest rate and 30-year term.
- Borrower must meet applicable adjusted annual household income.
- No cash out from collateral equity. Only reimbursement of borrower prepaid eligible closing costs and/or refund from escrow overage.
- Borrowers must occupy the property.
- Properties located in areas now deemed ineligible remain eligible for refinance.
- Existing leveraged loans or subordinate liens must be paid in full or be subordinated.

# **REFINANCE** Options

HB-1-3555, Chapter 6, Attachment 6-A

## Streamlined-Assist is the most favored and effective choice!

**Appraisal:** Streamlined-assist does not require a new appraisal unless the borrower has a USDA Direct loan with recapture subsidy due.

**Removing Borrowers:** Streamlined-assist only allows deceased borrowers to be removed. If a living borrower is looking to be removed from the loan, the remaining borrower must choose between the streamlined or non-streamlined options.

**Credit Review:** Streamlined-assist only requires verification there have been no delinquencies greater than 30 days within 180 days prior to loan application. Streamlined and non-streamlined will also require a full credit review per Chapter 10 guidelines.

**Loan Amount:** All options allow refinancing of the principal and interest balance, eligible closing costs, and up front guarantee fee. If the borrower is looking to include subsidy recapture, the non-streamlined option would be required.

**Loan Submission:** All refinance loans are entered into GUS; however, a streamlined-assist is ineligible for a 'final' submission; follow the "Manual File Submission Job Aid" for step by step guidance.

# 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

OPA = *$100,000*

90% = ***$90,000***

*35%* of OPA = *$35,000*

*65%* of OPA = *$65,000*

*85%* of 65% of OPA (65,000) = $55,250

35,000 + 55,250 = ***$90,250***

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

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# Applicant Characteristics

# Retaining a Dwelling

Applicants may retain ownership of 1 single family housing unit if below requirements are met:

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.

# 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

**NOTE**

**Business Owner Applicants**

Lender should closely review asset accounts to verify assets are not transferred between a *personal account* and a *business account* and vice versa.

# Occupy the Property

## Principal Residence

Applicants must agree to personally occupy the dwelling as a principal residence throughout the term of the loan.

## Occupancy Timeframe

Must occupy the home within 60 days of loan closing.

## Active Duty Military Applicants

Must occupy the property as their principal residence and express intent to meet occupancy requirements upon discharge from the service.

# 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

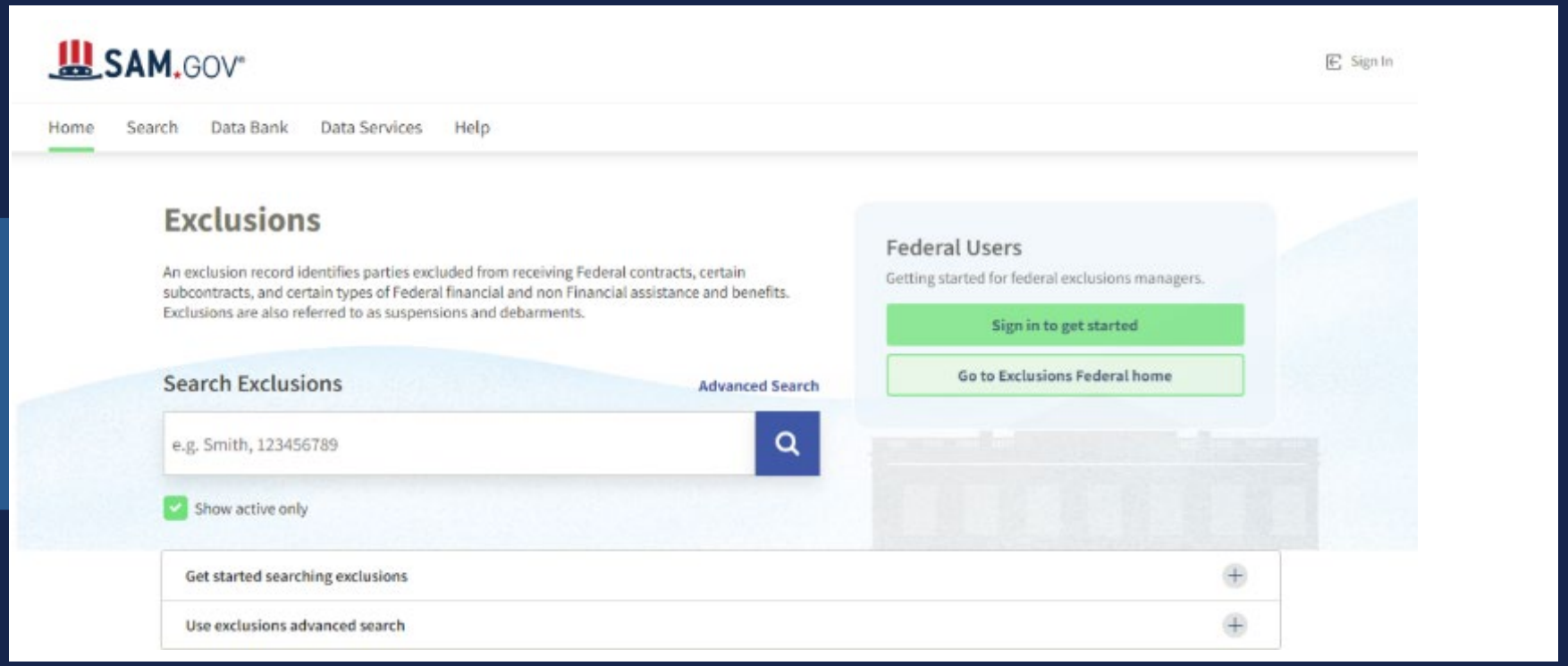
**NOTE**

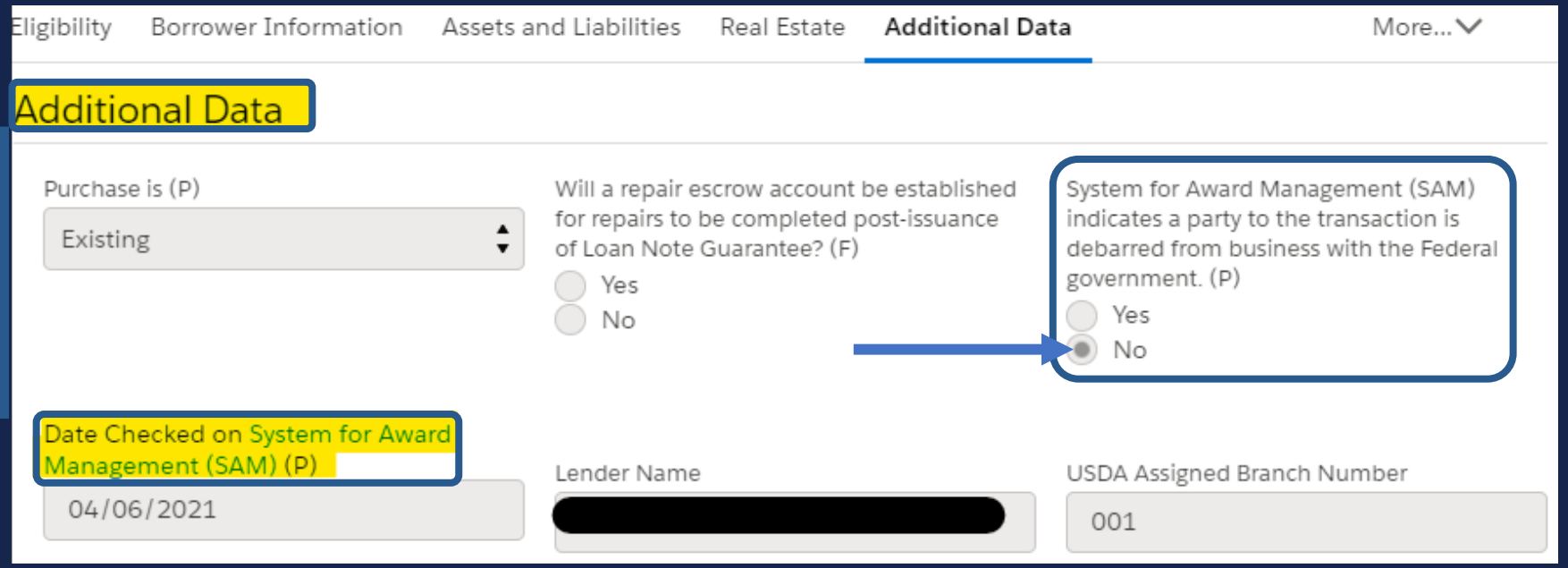
**Excluded by Non-Housing Federal Program**

Applicants that have been excluded from a non-housing federal program continue to be eligible to participate in the SFHGLP, unless the individual becomes suspended or debarred.

Sam.gov

GUS
“Additional Data”



# Having Acceptable Citizenship or Immigration Status

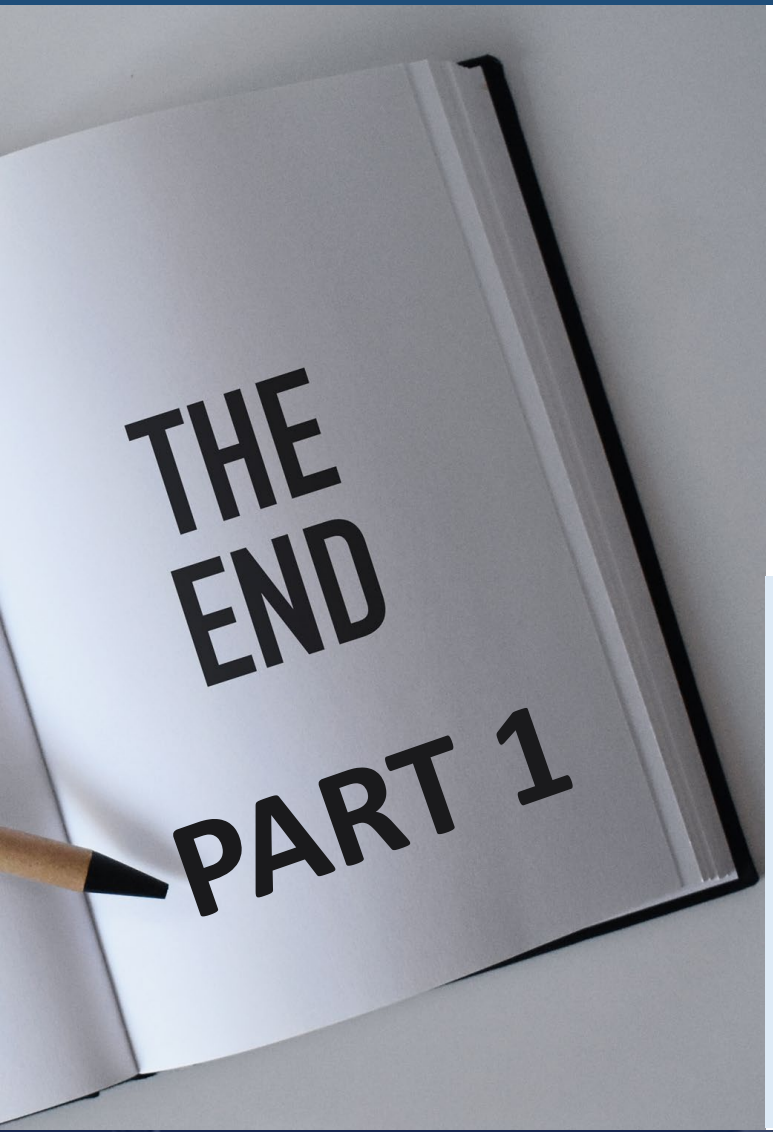
Applicants must be a U.S. citizen, a U.S. non-citizen national, or a qualified alien.

Legally admitted non-U.S. citizens will have a USCIS number; if missing or unknown, applicant should contact USCIS.

The lender is responsible for documenting the applicants' legal residency for all file submissions.

By submitting the request for a Conditional Commitment to the Agency, the lender represents and warrants that the applicant is legally present in the United States and meets the eligibility requirements.

# *Thank you for completing Part 1.*

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

EQUAL HOUSING OPPORTUNITY