



Policy and Handbook Updates

Presented by: Alyssa Rung, Finance and Loan Analyst, Lender and Partner Activities Branch

Today's Topics



☐ Handbook changes

- Chapter 4-Lender Responsibilities
- Chapter 9- Income Analysis
- Chapter 10- Credit Analysis
- Chapter 11- Ratio Analysis
- Chapter 12- Property and Appraisal Requirements
- Chapter 16- Closing the Loan and Requesting the Guarantee

☐ Updates

☐ Common issues with lender submissions

☐ FAQ updates

Chapter 4

Chapter 4 - Lender Responsibilities

4.6 SELL LOANS ONLY TO APPROVED LENDERS [7 CFR 3555.54]

A. Procedure

A SFHGLP loan may be sold only to an Agency-approved lender, Fannie Mae or Freddie Mac. The selling lender must report any guaranteed loan sale to the Agency by using Form RD 3555-11, *Lender Record Change*. The notification of transfer of the loan(s) should be emailed to the Rural Development Servicing Office at RD.SO.HSB@usda.gov. If the loan is sold to a party not approved to participate in the SFHGLP, the Loan Note Guarantee will be considered invalid. Should a lender be unable to complete the sale of a loan due to the loss of the original Loan Note Guarantee, the lender may request a copy from the Agency. The Agency will provide a copy marked "Reissued Loan Note Guarantee." If the loan was closed in the Agency's Lender Loan Closing System, the lender can access a duplicate copy within the system.

Chapter 4 - Lender Responsibilities

Negligent servicing- Servicing that is inconsistent with 3555.252 and includes 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.

Examples:

- Violation of usury laws
- Civil rights laws
- Servicing requirements
- Failure to obtain the required security
- Use of loan funds for unauthorized purposes

Chapter 9

Income Analysis

Chapter 9 – Income Analysis

Tax transcripts that are not received prior to closing will not delay the loan closing but are still required to be obtained and retained in the lender's permanent loan file.





Chapter 9 – Income Analysis

Written or email verifications are acceptable methods for verifying employment within 10 days of loan closing

Clarified the most recent asset information available at the time of loan application should be obtained by the lender.

Social security benefits can be used as repayment income when the income is reasonably expected to continue for at least 3 years into the mortgage.

Chapter 9 – Income Analysis

Base Wages (Hourly or Salary) Full or Part Time	<p>Include amounts received before deductions for payroll taxes, insurance, etc. Include amounts that will be received in the ensuing 12 months. Exclusions may apply under 7 CFR 3555.152(b)(5).</p> <p>Full time students age 18 and above that are not applicants, co-applicants, or a spouse of an applicant will only have \$480 of their earnings included in the annual income calculation. These household members are not required to present income documentation.</p>	<p>Required History: One year Income must be received at the time of submission to the Agency.</p> <p>The one year of required history may be met through a combination of employers, education, or military service. This history is not required to be with the same or current employer. Applicants that were on leave with their employer due to maternity/paternity leave, medical leave, relocation, etc. remain employed.</p> <p>Underwriters may use discretion for applicants returning to the workforce after leaving a previous job to care for a child/family member, complete education, etc. for an extended time of one year or greater.</p>
<p>Documentation Source Options:</p> <ul style="list-style-type: none">• Paystub(s)/Earning statement(s).• W-2's.• Written Verification of Employment (VOE) or electronic verifications.• Federal income tax returns or IRS tax transcripts with all schedules.• Section 9.3E provides additional information on employment verification options.		

Chapter 9 – Income Analysis

Assets and Reserves	
Foreign Assets (Assets located outside of the United States and its territories)	
Documentation: <ul style="list-style-type: none">• Documentation verifying assets have been exchanged to U.S. dollars and held in a Federal or State regulated financial institution prior to closing.• Lender must verify funds availability and accompanying documentation that has been converted to English, or provide a translation attached to each document, and ensure the translation is complete and accurate. Reserves: Eligible Funds to Close: Eligible	

Income Type	Annual Income	Repayment Income
Unreimbursed Employee or Business Expenses	The total amount of unreimbursed expenses may be deducted from annual and adjusted annual income.	Required History: None The amount(s) of unreimbursed employee or business expenses deducted from the annual income must also be deducted from repayment income.
Documentation Source Options: <ul style="list-style-type: none">• IRS Form 2106, Schedule A, Schedule C, or equivalent IRS filed form.• Federal income tax returns or IRS tax transcripts with all schedules.		

Chapter 9 – Income Analysis

Gift Funds
Documentation: <ul style="list-style-type: none">• Gift funds are considered the applicant's own funds, therefore excess gift funds are eligible to be returned to

- A gift letter must be obtained to specify the donor, the dollar amount of the gift, and include a statement that the funds do not have to be repaid.
- The lender must verify that sufficient funds to cover the gift have been transferred to the applicant's account, or will be documented as received by the closing agent at the time of closing. Acceptable documentation includes:
 - Evidence of the applicant's deposit;
 - A copy of the donor's funds by check/electronic transfer to the closing agent; or
 - A copy of the Closing Disclosure showing receipt of the donor's funds.

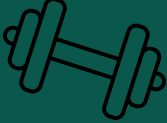
section of the "Loan and Property Information" GUS application page. If the funds have already been deposited into an asset account, select "deposited" and include the amount of the gift in the applicable asset account on the "Assets and Liabilities" GUS application page. If the funds have not been deposited into an asset account, select "not deposited" and do not include the gift in an asset account on the "Assets and Liabilities" GUS application page.

- Gift funds applied as Earnest Money should not be reflected in the "Gifts or Grants You Have Been Given or Will Receive for This Loan" section of the "Loan and Property Information" GUS application page.

Chapter 10

Credit Analysis

Chapter 10 – Credit Analysis

Monthly subscription services, gym  memberships, etc. have been added to the list of eligible sources of non-traditional credit.

Chapter 11

Ratio Analysis

Chapter 11- Ratio Analysis



If an amount other than what is reflected on the credit report is used in the Total Debt Ratio, the lender should provide documentation of the amount utilized.



When a balloon/deferred payment loan is due within 12 months, the lender must evaluate the complete loan application to determine the applicant's repayment ability.



A copy of the executed escrow agreement for temporary buydown accounts must be retained in the lender's permanent loan file.

Chapter 11- Ratio Analysis

11.2 THE RATIOS [7 CFR 3555.151(h)(1)(i)]

Ratios are calculated by utilizing the repayment income, as determined by the lender in Chapter 9, Section 2 of this Handbook. To qualify for a guarantee, borrowers must meet the Agency's standards for both the PITI and TD ratios.

A. The PITI Ratio

Applicants are considered to have repayment ability if their proposed monthly housing expense does not exceed 34 percent of their repayment income. Monthly housing expenses include:

- First Mortgage (P&I);
- Subordinate Lien(s);
- Homeowner's Insurance;
- Supplemental Property Insurance;
- Property Taxes;
- Mortgage Insurance (First year annual fee monthly amount);
- Association/Project Dues (Condo, Co-Op, PUD); and
- Other.

*No waivers are permitted to increase the PITI ratio above 34% for purchase transactions.

Chapter 11- Ratio Analysis

Compensating Factors



The proposed PITI does not exceed the applicant's current verified housing expense by more than \$100 or 5 percent, whichever is less, for the 12-month period preceding loan application



The subject property is an energy efficient home based on the International Energy Conservation Code (IECC) standards.

- **For new construction homes**, the dwelling must meet or exceed the IECC in effect at the time of construction
- **For existing dwellings**, the dwelling must meet or exceed the current IECC. Homes that have been retrofitted to meet the current IECC standards are eligible.

Chapter 11- Ratio Analysis

12. *Business debts*

- Business debts (e.g. car loan) reported on the applicants' personal credit report may be omitted from the monthly debt if there is evidence the debt is paid through a business account.
- Acceptable evidence includes canceled checks or bank statements from a business account for the previous 12 months.
- Payments paid by the business must be included on the cash flow analysis and/or profit and loss statement, when applicable.

Chapter 12

Property and Appraisal Requirements

Chapter 12 – Property and Appraisal Requirements

Accessory Dwelling Unit (ADU)

- The presence of an ADU does not automatically render the property ineligible.
- Design features without a separate address or independent utilities are not restricted as long as they function in support of only the household members.
- The appraiser must determine if ADU represents a second single family housing dwelling unit.



Chapter 12 – Property and Appraisal Requirements

Appraisal Photographs

- Photos should be in color
- Front view of the property
- Rear view of the property
- A street scene identifying the location of the subject property and showing neighboring improvements
- The kitchen, main living area, bathrooms, bedrooms
- Any other rooms representing overall condition, recent updates, such as restoration, remodeling and renovation
- Basements, including all finished and unfinished rooms
- Attic and/or crawl space when it can be safely accessed without disturbing or moving items that obstruct access or visibility
- Comparable sales, listings, and/or pending sales utilized in the valuation analysis must include at least a front view of each comparable utilized
- The HUD Data Plate and the HUD Certification Label(s) for manufactured homes



Chapter 12 – Property and Appraisal Requirements

Appraisal Updates

- **Appraisal update.** The validity period of an appraisal report can be extended only one time with an Appraisal Update Report.
- USPAP (Advisory Opinion 3) states that there are three ways that the reporting requirements can be satisfied for this type of assignment:
 1. Provide a new report that contains all the necessary information/analysis to satisfy the applicable reporting requirements, without incorporation of the prior report by either attachment or reference.
 2. Provide a new report that incorporates by attachment specified information/analysis from the prior report so that, in combination, the attached portions and the new information/analysis added satisfies the applicable reporting requirements.
 3. Provide a new report that incorporates by reference specified information/analysis from the prior report so that, in combination, the referenced portions and the new information/analysis added satisfies the applicable reporting requirements.



Chapter 12 – Property and Appraisal Requirements

Construction Documentation Requirements

1. Documentation Requirements for New Construction Stick Built Homes:

Evidence of Certified Plans and Specs	Evidence of Construction Inspections	Evidence of Thermal Standards
OPTION 1 Copy of the certification from a qualified individual or organization that the reviewed documents comply with applicable development standards; OR	OPTION 1 Certificate of Occupancy issued by a local jurisdiction showing that it has performed at least the 3 construction phase inspections, as identified in Section 12.9(B), and an acceptable 1 year builder warranty; OR	OPTION 1 A qualified, registered architect or a qualified, registered engineer may certify confirmation with IECC standards; OR
OPTION 2 Certificate of Occupancy issued by a local jurisdiction; OR	OPTION 2 Three construction phase inspections performed at each of the phases identified in Section 12.9(B), and an acceptable 1 year builder warranty; OR	OPTION 2 Builder may certify confirmation with the IECC standards; OR
OPTION 3 Building Permit (or equivalent) issued by local jurisdiction.	OPTION 3 Final inspection and a 10-year insured builder warranty. Builder backed 2/10 warranty fulfills the 10-year warranty requirement.	OPTION 3 The final inspection, or Certificate of Occupancy issued by a local jurisdiction.

Chapter 12 – Property and Appraisal Requirements

Manufactured Documentation Requirements

2. Documentation Requirements for New Construction **Manufactured** Homes:

Evidence of Certified Plans and Specs	Evidence of Construction Inspections	Evidence of Thermal Standards
OPTION 1 Copy of the certification from a qualified individual or organization that the reviewed documents comply with applicable development standards; <i>OR</i>	OPTION 1 Certificate of Occupancy issued by a local jurisdiction showing that it has performed at least the footing and final inspections, as identified in Section 12.9(B), and an acceptable 1 year builder warranty; OR	OPTION 1 HUD Data Plate confirmation with IECC standards; <i>OR</i>
OPTION 2 Certificate of Occupancy issued by a local jurisdiction; <i>OR</i>	OPTION 2 Footing and final inspections performed by a qualified inspector as identified in Section 12.9(B), and an acceptable 1 year builder warranty; <i>OR</i>	OPTION 2 Builder may certify confirmation with the IECC standards; OR
OPTION 3 Building Permit (or equivalent) issued by local jurisdiction.	OPTION 3 Final inspection and a 10-year insured builder warranty. Builder backed 2/10 warranty fulfills the 10-year warranty requirement.	OPTION 3 The final inspection, or Certificate of Occupancy issued by a local jurisdiction.

Chapter 12 – Property and Appraisal Requirements

Single Close Construction- Rent

The rent payment may be excluded from the total debt ratio if the lender obtains documentation verifying the applicant will no longer be liable for rent payments under the lease agreement once the financed single-close construction home is completed.

If the applicant is currently renting and will remain liable for rent payments under the lease agreement even after the single-close construction home is completed, the rent payment must be included in the total debt ratio.

Chapter 12 – Property and Appraisal Requirements

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Attachment 12-C
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Attachment 12-C
Page 2 of 2

ATTACHMENT 12-C

PROJECT REVIEW

***This optional checklist is not an exhaustive list of requirements for the Single Close Construction loan product. Details on key points referenced in this checklist, along with full program details, can be found throughout Chapter 12 of this Handbook.**

☐ Documentation of lender requirements

See Paragraphs 12.13 and 12.19-12.27 of Chapter 12 for construction oversight, loan management, and experience requirements.

☐ Documentation of contractor-builder requirements

See Paragraph 12.14 of Chapter 12 for licensure, insurance, and experience requirements.

☐ Budget – Cost Breakdown (See Paragraph 12.15)

- Must match construction contract.
- Must be for eligible loan costs, including change orders.
- Contingency reserves are limited to 10% of new construction costs and 15% when repairing an existing dwelling with disconnected utilities.

☐ Plans, Drawings and Specifications (See Paragraph 12.9B)

- Must be certified in accordance with Paragraph 12.9B.
- Must fully describe work to be completed.
- Lender may use optional Form RD 1924-25 or an alternative source that documents the necessary information.

☐ Construction Contract

- Evidence of all pages of the fixed price contract.
- Must contain a time frame for work to be completed (start/end).
- Change order fees that exceed what is available in the contingency reserve account will be the responsibility of the borrower.
- Must be signed by the contractor-builder and borrower.
- Amount must match the total amount of budget-cost breakdown.

☐ Rehabilitation and Repair with the Purchase of Existing Dwellings (See Paragraph 12.28)

- Construction period should not exceed six months from date of closing.
- Appraisal report should support the “As Improved” market value.
- An inspector/consultant is not required for non-structural repairs of \$35,000 or less.
- The lender administering the construction phase must meet the experience requirements in Paragraph 12.13.
- Fees associated with bringing previously unpermitted repairs up to code must be included in total bid prior to the loan closing.

☐ Loan Closing (See Paragraph 12.20)

- Lender will ensure all security documents are completed at loan closing and may use industry standard documents, as USDA does not maintain a list of required forms.
- May not exceed 30-year term, including construction period.
- Interest on loan is payable monthly. Lender will determine payor based on how the loan is structured.

Chapter 16

Closing the Loan and Requesting the Guarantee

Chapter 16- Closing and Loan Requesting the Guarantee Insurance

Insurance Deductible(s)

- Hazard Insurance should not exceed 5% of the total coverage amount
- Flood insurance should not exceed \$10,000

Lenders should take in account the applicant's repayment ability when permitting a high deductible.

Updates

Obtaining a Payoff and/or Lien Release for a USDA Mortgage Recovery Advance

- This reference sheet includes a centralized email address for MRA inquiries and instructions on obtaining a payoff and/or a release of lien for an MRA.

Obtaining a Payoff and/or Release of Lien for a USDA Guaranteed Loan Mortgage Recovery Advance (MRA)

- 1) Identify the lien is associated with a USDA Guaranteed Loan MRA, and not a USDA Direct Loan.

- While both a Direct Loan and an MRA will be identified as payable to "The United States of America, acting through the Rural Housing Service and its Successors," or similar verbiage, the MRA will be a second lien, whereas the Direct Loan will most often be a first lien.
- If you need confirmation the lien is associated with a USDA Guaranteed Loan MRA, you may contact the Servicing Office at guarantee.svc@usda.gov or 866-550-5887.

- 2) Once it has been established the lien is associated with a Guaranteed Loan MRA, payoff requests should be sent to the Servicing Office at sm.rd.so.gld.payoff.releases@usda.gov.

- 3) Once the payoff has been received, payoff funds must be sent to the following Lockbox address (*do not remove the PO Box from the address*):

USDA Rural Development
Wholesale Lockbox
PO Box 790391
3180 Rider Trail S.
Earth City, MO 63045

Please note, the Agency does not accept wired or ACH funds.

- 4) For Lien Release Requests, email the Servicing Office at sm.rd.so.gld.payoff.releases@usda.gov.

- Include the State specific release/satisfaction document and a **UPS pre-paid** return shipping label. If a UPS pre-paid shipping label is not provided, please provide a mailing address where the lien release should be sent via regular mail.
- The Borrower(s) are responsible for getting the release recorded and paying any fees associated with recording the release of lien.

USDA Stand-Alone Mortgage Recovery Advance (MRA) Ratio Waiver

Removed the 31% PITI and 55% TDI ratio limitations

Used to solely cure the arrearage and allow the borrower to continue their current contractual payment.

Servicers should adhere to all other guidelines in the 7CFR Part 3555 and the Loss Mitigation Guide, located in [Chapter 18](#) of the 3555 Guaranteed Technical Handbook.

For the full announcement, click [here](#).

Payment Supplement Account (PSA) Pilot

For the full announcement, click [here](#).

Put into place to assist Servicers in offering payment relief to borrowers without modifying a loan

- Loan modifications are not always providing payment relief.

PSA is funded by a Stand Alone MRA that is incrementally utilized to do the following:

- Cure the arrearage accumulated during the hardship
- Supplement the principal portion of the borrower's payment to provide payment relief for 3 years

USDA does not take a 2nd lien on an MRA paid for the PSA, it remains a part of the Servicer's lien as a non-interest bearing, recoverable servicing advance


Special Servicing Options for Non-Performing Loans

For the full announcement, click [here](#).



Proposed Rule was intended to benefit borrowers and servicers by providing servicers more flexibility in their servicing options, offering a less expensive and less cumbersome MRA process, and reduce program risk of the guaranteed loan portfolio.

- A final offer has been created as a pre-foreclosure alternative.
- Special Loan Servicing is no longer a separate option in the waterfall, as all Loss Mitigation options have been combined into one waterfall.
- When processing a loan modification, servicers may extend the term in one-month increments, up to a maximum of 480 months until the targeted payment reduction has been achieved.
- The ratio cap for total debt to income has been eliminated.
- MRAs executed on or after the effective date of the Final Rule will not be secured by a lien in favor of the USDA but will remain a part of the servicer's first lien.
- A borrower may receive multiple MRAs as long as the cumulative amount of MRAs is less than or equal to 30% of the unpaid principal balance at the time of default.

USDA Launches New Tool

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

 English 

Welcome to The Policy Desk! Rural Development recognizes the importance of obtaining input from our stakeholders on proposed policy revisions, prior to those updates becoming effective. The Policy Desk was created with that goal in mind. Here, you will find proposed policy revisions, as well as a mechanism to provide comments to Rural Development on these proposals. We encourage all stakeholders to review these proposals and provide your comments using the link below, or by emailing the Policy Desk at sfhgld.policydesk@usda.gov. Thank you for your continued support of Rural Development's Single-Family Housing Guaranteed Loan Program!

Announcements

Rural Development's Single-Family Housing Guaranteed Loan Program is currently seeking comments on proposed revisions to Chapters 2, 6, 12, and 13, as well as Appendices 2, 3, and 7 of Handbook 1-3555. Feedback can be provided through December 8, 2024 using the Stakeholder Comment Form, or by emailing the Policy Desk at sfhgld.policydesk@usda.gov. Thank you for providing your important feedback on these proposals!

Proposed Policy Revisions Open for Comment

- [Chapter 2- Draft](#)
- [Chapter 2- Markup](#)
- [Chapter 6- Draft](#)
- [Chapter 6- Markup](#)
- [Chapter 12- Draft](#)
- [Chapter 12- Markup](#)
- [Chapter 13- Draft](#)

USDA Launches New Tool

Single Family Housing GLP Policy Desk

LINC Training Library

Guaranteed Underwriting System (GUS)

Lender Approval

Single Family Housing GLP Policy Desk

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SFHGLP System Access and Security Guide

Lender Training Schedule

Loan Processing

LINC Contact and Resources

English

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Announcements

No announcements at this time.

Proposed Policy Revisions Open for Comment

None at this time.

Stakeholder CommentForm

Archive of Previous Proposals

[Chapter 4: Lender Responsibilities - Draft](#)

[Chapter 4: Lender Responsibilities - Markup](#)

[Chapter 5: Origination And Underwriting Overview - Draft](#)

[Chapter 5: Origination And Underwriting Overview - Markup](#)

[Chapter 8: Applicant Characteristics - Draft](#)

[Chapter 8: Applicant Characteristics - Markup](#)

[Chapter 9: Income Analysis - Draft](#)

[Chapter 9: Income Analysis - Markup](#)

[Chapter 10: Credit Analysis - Draft](#)

Policy Updates

Applicant(s) Acknowledgments and Certifications

CERTIFICATION: As the applicant, I certify to the best of my knowledge and belief; (1) I am not presently debarred, suspended, declared ineligible, or voluntarily excluded from covered transactions by any Federal department or agency; (2) I have not within a three year period preceding this proposal been convicted or had a civil judgment rendered against me for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, state, or local) transaction or contract under a public transaction; or commission of embezzlement, theft, forgery, bribery, falsification, or destruction of records, making false statement, or receiving stolen property; (3) I do not have an outstanding judgment lien on any property for a debt in favor of the United States which was obtained in any Federal court other than the United States Tax Court; and (4) I am not delinquent on any outstanding debt to the Federal Government (excluding any Federal Tax debt).

I (we) acknowledge this loan will be subject to payment of an annual fee by the Lender. The Lender may pass this fee on to me (us). I (we) understand that the annual fee for the first year is calculated when the loan is closed based upon the loan amount. Thereafter, the annual fee is calculated every 12 months based upon the average scheduled amortized unpaid principal balance. Billing for the annual fee will begin 12 months from the closing of the loan.

I AM (WE ARE) unable to provide the housing I (we) need on my (our) own account, and I am (we are) unable to secure the credit necessary for this purpose from other sources upon terms and conditions which I (we) can reasonably fulfill. I (we) certify that the statements made by me (us) in this application are true, complete and correct to the best of my (our) knowledge and belief and are made in good faith to obtain a loan.

Warning: Section 1001 of Title 18, United States Code provides: "Whoever, in any matter within the jurisdiction of any Department or Agency of the United States knowingly and willfully falsifies, conceals or covers up by any trick, scheme, or device a material fact, or makes any false, fictitious or fraudulent statements or representations, or makes or uses any false writing or document knowing the same to contain any false, fictitious or fraudulent statement or entry, shall be fined under this title or imprisoned not more than five years, or both."

Each of the undersigned hereby acknowledges having read all pages of this document as it relates to information regarding the PRIVACY ACT and a NOTIFICATION TO APPLICANT ON USE OF FINANCIAL INFORMATION FROM FINANCIAL INSTITUTION.

Print Applicant's Name	Applicant's Signature	Date
Print Co-Applicant's Name	Co Applicant's Signature	Date
Print Co-Applicant's Name	Co Applicant's Signature	Date
Print Co-Applicant's Name	Co Applicant's Signature	Date
Print Co-Applicant's Name	Co Applicant's Signature	Date

Form RD 3555-21
(Rev.00-00)

UNITED STATES DEPARTMENT OF AGRICULTURE

Form Approved
OMB No.0575-0179

RURAL DEVELOPMENT
RURAL HOUSING SERVICE
REQUEST FOR SINGLE FAMILY HOUSING LOAN GUARANTEE

Exp. Date: 12/31/2024

Approved Lender:	Approved Lender Tax ID No.:
Contact for this File:	Contact E-Mail:
Contact Phone Number:	
Third Party Originator:	TPO Tax ID No.:

Please issue a Single Family Housing Loan Guarantee in the following case:

Primary Information	
Name: _____	
Co-Applicant Information (Please complete as appropriate)	Co-Applicant Information (Please complete as appropriate)
Name: _____	Name: _____
Co-Applicant Information (Please complete as appropriate)	Co-Applicant Information (Please complete as appropriate)
Name: _____	Name: _____

Certifications

Approved Lender Certification

In order to induce the Agency to issue the requested guarantee, we certify that we have originated the loan in compliance with all Agency loan requirements. This form contains or is supplemented with all information required by 7 CFR § 3555.107 and further clarified in Chapter 15 of HB-1-3555 of 7 CFR 3555.

Lender's Authorized Representative Signature / Title

Date

Name of Authorized Representative

Title/Company

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not 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 25 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 3555-21
 - Streamlined the form to remove information captured elsewhere, while maintaining the required certifications.



Policy Updates



Proposing to establish a timeframe of 7 years following a previous Agency loss for it to be considered significant derogatory credit.

Proposing to reduce the seasoning requirements for our refinance transactions

Existing Manufactured Pilot Program was recently extended

Common issues with Lender Submissions

Common issues with lender submissions

Income calculation discrepancies

- Missing Income Calculations (Annual, Adjusted, Repayment) including supporting income documentation
- Lender calculations often do not match supporting income documentation received
- Lender's income calculations do not match the entry in GUS.

Missing Bank Statements for all applicants' accounts

- Bank Statements are required to verify assets.
- Asset documentation shows evidence of transfers to additional accounts for which asset documentation was not originally provided.

Common issues with lender submissions

After Pay Accounts

- After Pay accounts should be treated like an installment debt
- Documentation for the debt should be obtained and then entered into GUS as an installment liability

Appraisal reminders

- The appraised value does not match the value entered into GUS. This is supported in QA findings as well.
- Report must contain colored photographs of all required areas of the home.
- HUD handbook statement must be on the appraisal.


Common issues with lender submissions

Supporting documentation uploads

- Only upload required documentation, per *Attachment 15-A*, all other documentation should be retained in lenders permanent loan file
- Review the GUS findings report to ensure you have included all required documents.

HB 1-3555
Attachment 15-A
Page 1 of 3

ATTACHMENT 15-A

Guaranteed Rural Housing 

Loan Origination Checklist

Lender Instructions: Submit the identified documents for the applicable loan type. To expedite loan review, please submit only the identified documents. Documents must not exceed the maximum allowable age set forth in the 7 CFR 3555 and Handbook 1-3555. Rural Development will consider all documents submitted as the certified and true copies of the original documents retained in the lender's permanent file. Lenders should submit loan files electronically to Rural Development. See electronic delivery information in the SFHGLP Lending Partner Webpage: <https://www.rd.usda.gov/page/sfh-guaranteed-lender>. In the subject line include the following: Loan Origination: Borrower Last Name, First Name

General Information		
Applicant(s):	Lender:	Date:

Loan Origination Checklist
Guaranteed Underwriting System (GUS)- Purchase and Non-Streamlined and Streamlined Refinance Transactions
Underwriting Recommendation: ACCEPT

When submitting documents in GUS, the appraisal report must be uploaded separately in color.

<input type="checkbox"/>	Form RD 3555-21, Request for Single Family Housing Loan Guarantee Include all pages from the current published version Executed by applicant(s) and lender
<input type="checkbox"/>	FEMA Form FF-206-FY-21-116, Standard Flood Hazard Determination Form New construction properties located in 100-year flood plains require additional documentation, including confirmation the base flood elevation (BFE) is below lowest habitable floor
<input type="checkbox"/>	Mortgage Payoff Statement: If refinance transaction
<input type="checkbox"/>	Credit Report for Non-Purchasing Spouse (as applicable) Applies to applicant or property located in a community property state: AZ, CA, ID, LA, NV, NM, TX, WA, WI
<input type="checkbox"/>	Uniform Residential Appraisal Report (URAR) FNMA 1004/FHLMC 70 or applicable report as determined by appraiser (not required for most streamlined refinances)



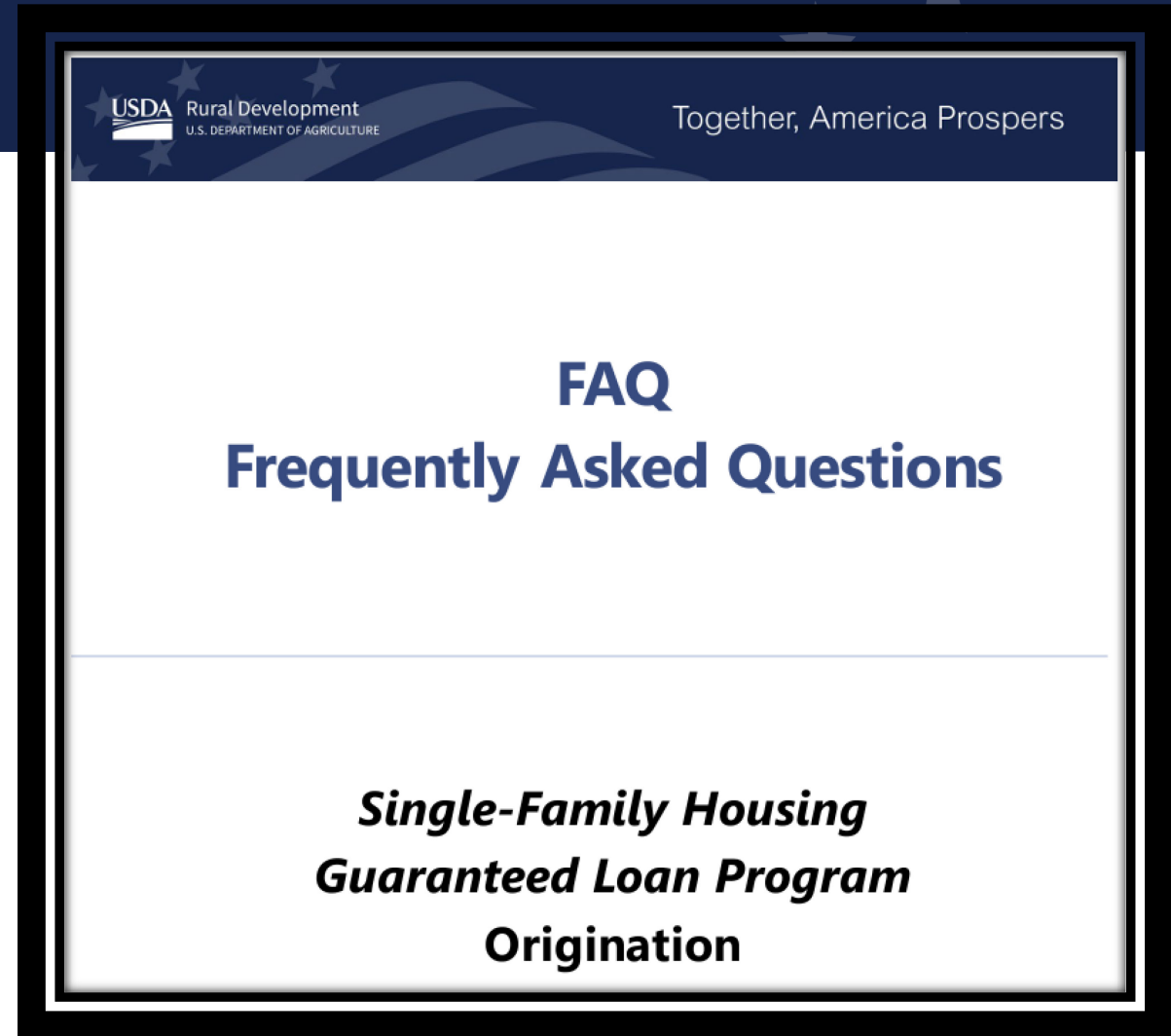
FAQ Updates

FAQ Updates

[rd-sfh-faqloanorigination.pdf](#)



Q: Is a ratio waiver required on a purchase transaction when the total debt ratio exceeds 41% on an “Accept with Full Documentation” GUS recommendation?



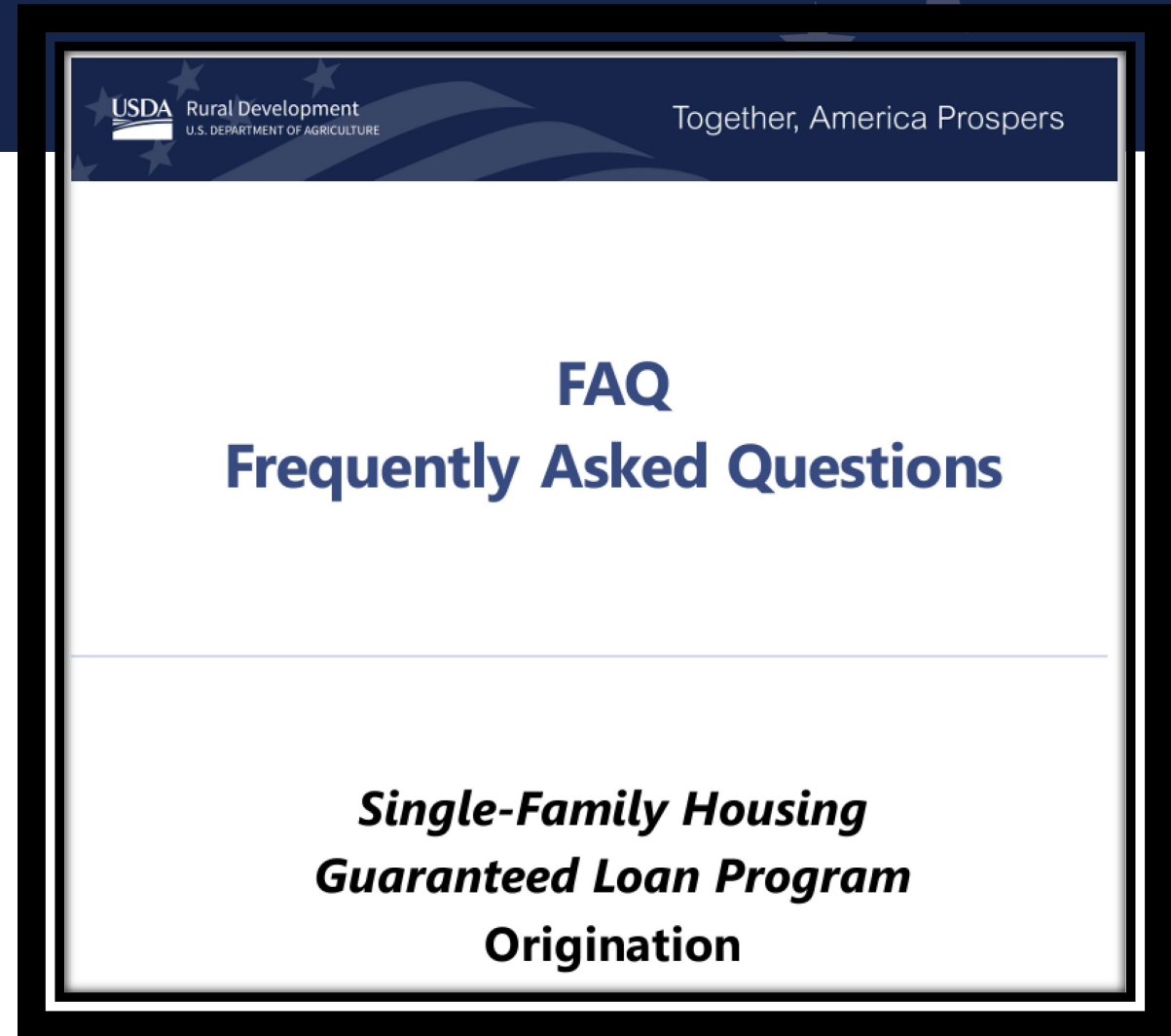
FAQ Updates

[rd-sfh-faqloanorigination.pdf](#)



Q: Is a ratio waiver required on a purchase transaction when the total debt ratio exceeds 41% on an “Accept with Full Documentation” GUS recommendation?

A: No, on a GUS “Accept or an Accept with Full Documentation” underwriting recommendation, the ratio waiver is automatically approved, even if the file was selected for a full documentation review.



FAQ Updates

[rd-sfh-faqloanorigination.pdf](#)

NEW

Q: Is a ratio waiver available on a purchase transaction when the total debt ratio exceeds 41% on a “Manually Submitted File, Refer, or Refer with Caution” GUS recommendation?



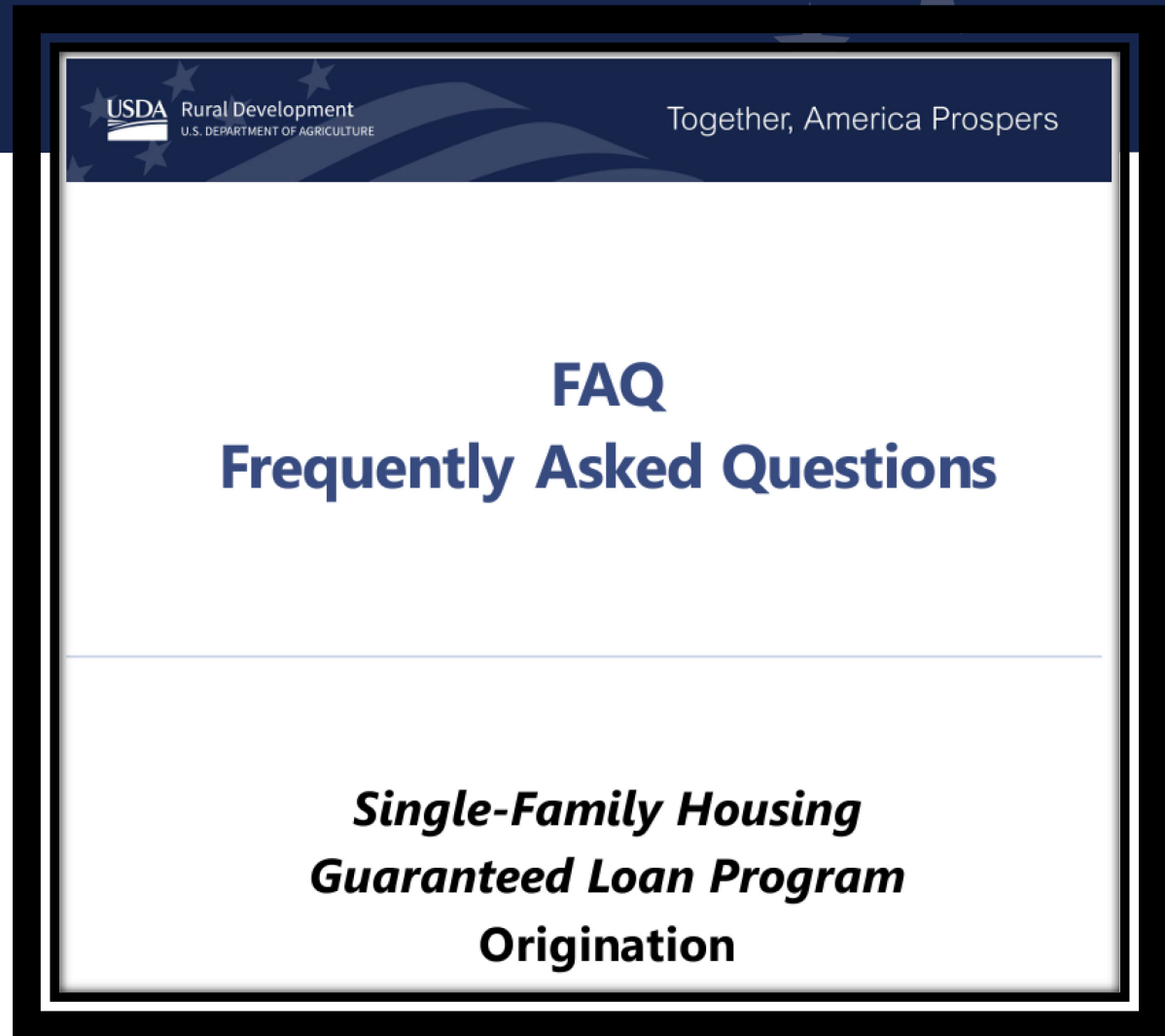
FAQ Updates

[rd-sfh-faqloanorigination.pdf](#)

NEW

Q: Is a ratio waiver available on a purchase transaction when the total debt ratio exceeds 41% on a “Manually Submitted File, Refer, or Refer with Caution” GUS recommendation?

A: Yes, a ratio waiver is available on a “Manually Submitted File, Refer, or Refer with Caution” submission if the total debt ratio exceeds 41% and the applicant meets certain Agency requirements. Refer to Chapter 11. PITI ratio waivers are no longer permitted.

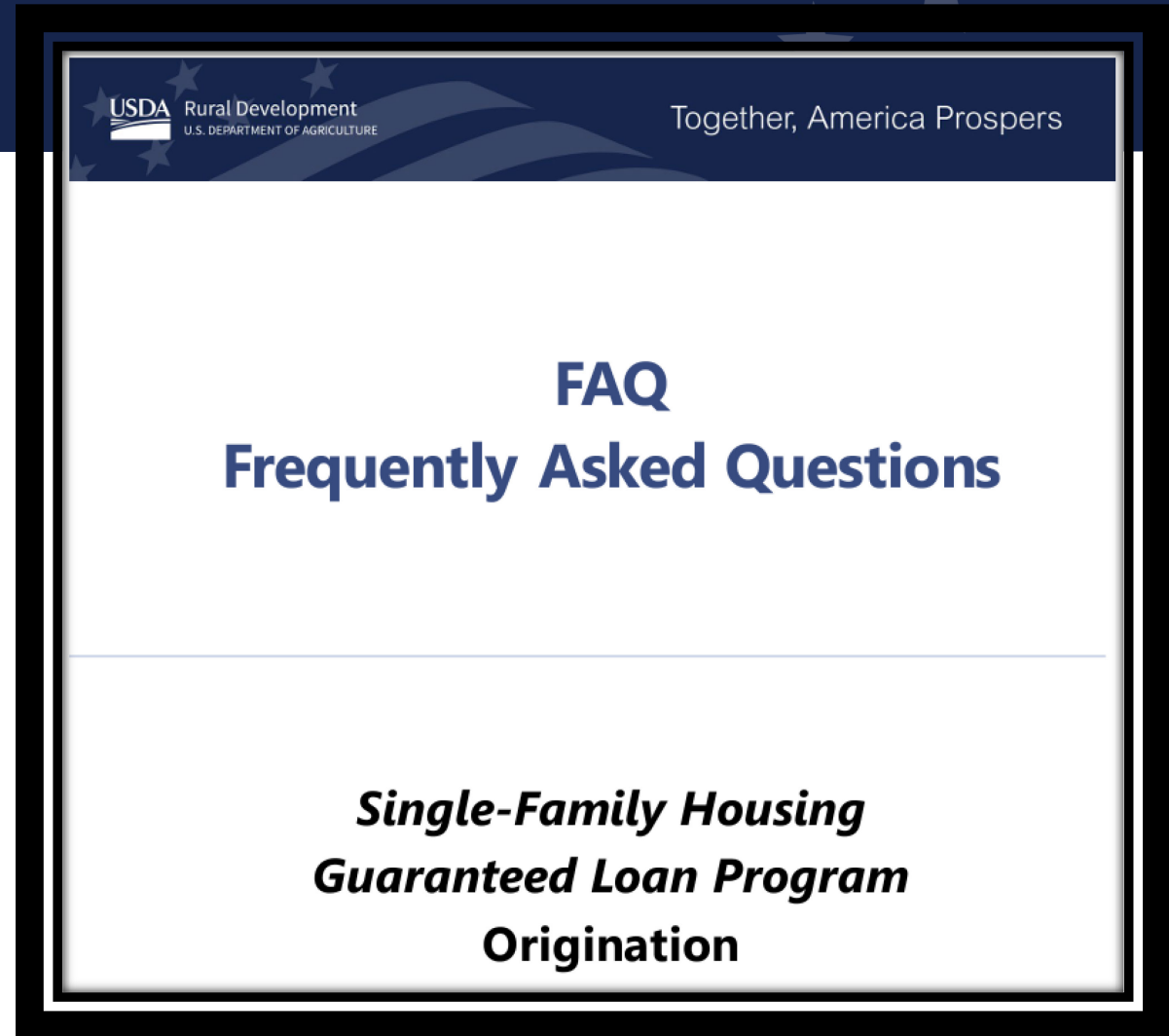


FAQ Updates

[rd-sfh-faqloanorigination.pdf](#)



Q: Are ratio waivers required on refinance transactions?



FAQ Updates

[rd-sfh-faqloanorigination.pdf](#)



Q: Are ratio waivers required on refinance transactions?

A: Non-Streamlined and Streamlined refinance transactions may require a debt ratio waiver. Refer to Chapter 11 for details. Streamlined-Assist refinance transactions are not subject to ratio requirements; thus, a ratio waiver is not required.



Loan Status

We are currently reviewing new loan applications and conditions received on or before 11-08-24.

Lender Approval and Recertification

Lender Training

Loan Origination

Loan Processing

Loan Closing

Loan Servicing

Policy Desk

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

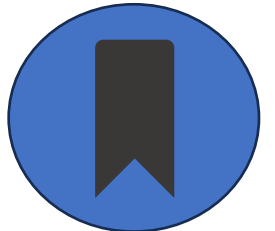
**Training & Resource
Library**



**Provides Training and
Resources**



Bookmark It!



Lender Training Schedule

**Contact LPA for personalized
group/team training:
SFHGLD.lenderpartner@usda.gov**

Training Schedule

Due to the growing response rate to our training opportunities, we have expanded our offerings to include both virtual and in-person options more often throughout the year. All trainings, both virtual and in-person, are free and open to anyone to attend. Registration will typically open 30 days prior to the event. Most virtual events will take place at 2 p.m. Eastern time, but final determinations will be made clear on registration. Please ensure you are signed up for GovDelivery notices as all trainings are announced by email through that system. Please contact the lender and Partner Activities branch with any questions, at sfhgld.lenderpartner@usda.gov

- November 14, 2024: Policy and Handbook Updates
- December 12, 2024: Credit Overview
- January 15, 2025: Calculating Income and Assets
- February 13, 2025: Expand Your Market with USDA Products
- March 12, 2025: GUS Training
- April 10, 2025: Appraisal and Property Requirements
- May 14, 2025: Hot Topics
- June 12, 2025: Ratio Analysis
- July 10, 2025: Program 101 Basics
- August 13, 2025: Underwriting for Success
- September 10, 2025: Program Updates and Managing Changes

CONTACTING USDA

TOPIC	CONTACT
File-Specific Questions Information to include in email: <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) File-Specific Questions by phone:	Production Team One: SFHGLPONE@usda.gov AK, AL, AZ, CA, CO, GU, HI, IA, ID, KS, MT, NM, NV, OR SD, TX, UT, WA, WI, WP, WY Production Team Two: SFHGLPTWO@usda.gov AR, KY, LA, MN, MO, MS, ND, NE, NJ, NY, OK Production Team Three: SFHGLPTHREE@usda.gov CT, DE, GA, IL, MA, MD, ME, MI, NC, NH, RI, SC, VT, WV Production Team Four: SFHGLPFOUR@usda.gov FL, IN, OH, PA, PR, TN, VA, VI *833-314-0168, ext. 2
Lender Self-Report	sfhgld.qualityassurance@usda.gov
Program Training	sfhgld.lenderpartner@usda.gov
Program Marketing and Outreach	
General Loan Scenario Questions	sfhgld.program@usda.gov or *833-314-0168, ext. 4
Loan Policy/Regulation/Handbook	
Turn Times	*833-314-0168, ext. 1
Lender Approval/Recertification	sfhgldpservicing@usda.gov
Loan Servicing	
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	RD.SO.HSB@usda.gov
GUS User Agreements	
Adding/Removing Security Administrator (SFH Guaranteed Loan Program Automated Systems)	Form Instructions: https://www.rd.usda.gov/files/RD-SFH-AdditionalLenderSecurity.pdf

*Phone System Availability: 9:00 am to 3:30 pm ET

TOOLS AND RESOURCES

Regulation and Handbook: <https://www.rd.usda.gov/resources/directives>

Lender Webpage: Turn times, contact information, and helpful links: <https://www.rd.usda.gov/page/sfh-guaranteed-lender>

USDA LINC: Training modules, user guides, and more useful resources: <https://www.rd.usda.gov/programs-services/lenders/usda-linc-training-resource-library>

GovDelivery: Receive notifications regarding origination, servicing, and GUS updates: <https://public.govdelivery.com/accounts/USDARD/subscriber/new>



Thank you





www.rd.usda.gov

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

