USDA Single Family Housing Guaranteed Loan Program

Income and Asset

Kendra Harmon, Finance & Loan Analyst
Lender and Partner Activities Branch
Washington, D.C.
AGENDA
1. Annual Income
2. Adjusted Annual Income
3. Repayment Income
4. Assets
5. Q&A

TYPES OF INCOME

- Annual Income
- Adjusted Annual Income
- Repayment Income
- Assets

Incomes Types

- Annual Income
- Adjusted Annual Income
- Repayment Income
- Assets
Types of Income

- **Annual Income**: Income of all adult household members, not just parties to the note.
- **Adjusted Annual Income**: Annual income minus certain qualified household deductions.
- **Repayment Income**: Stable and dependable income used to calculate debt ratios.
USDA Eligibility Site
https://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do

Updated income limits just released on July 13, 2023!
Single Family Housing Income Eligibility

Property Location

- State: Alabama
- County: Blount County

Household Members Information

- Number of People in Household: 4
- Number of Residents Under 18 Years Old, Disabled or Full Time Students: 2
- Is Loan Applicant or Co-Applicant age 62 or older?: No
- Are there any Disabled Persons Living in the Household?: No
### Expenses and Deductions

**Annual Child Care Expenses:** 2000

### Gross Monthly Income

<table>
<thead>
<tr>
<th>Source of Income</th>
<th>Applicant</th>
<th>Other Household Member</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base Employment Income</td>
<td>3000</td>
<td></td>
</tr>
<tr>
<td>Overtime Income</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Bonus Income</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Commission Income</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Self-Employment Income</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Dividend/Interest Income</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Net Rental Income</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Other Income</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>All Other Income Received by Adult Members of the Household</td>
<td>0</td>
<td></td>
</tr>
</tbody>
</table>

*(See help for further explanation)*
Applicant **meets the income limits** for the Section 502 Guaranteed Rural Housing Loan Program based on income entered and Program Income Guidelines in effect as of 01-04-2024. (Applicant must show repayment ability, have a reasonable credit history for the loan requested, and must meet other program requirements.)

Click Here for further details on the Guaranteed Loan Program.
Click here to complete a self-assessment for the Direct Loan Program.
Contact an Approved Program Lender to apply or ask more detailed questions.

Please keep in mind the Direct Loan Program self-assessment tool considers general household composition, monthly income, monthly debts, property location, estimated property taxes, and estimated hazard insurance; therefore, results may vary from this determination.

### Summary of Adjusted Annual Household Income

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual Household Income</td>
<td>$36,000.00</td>
</tr>
<tr>
<td>Total Deductions</td>
<td>$2,960.00</td>
</tr>
<tr>
<td>Household Adjusted Annual Income</td>
<td>$33,040.00</td>
</tr>
</tbody>
</table>

#### Section 502 Guaranteed Rural Housing Loan Program

Maximum Adjusted Household Income for Selected State and County: $110,850.00

#### Section 502 Direct Rural Housing Loan Program

Maximum Adjusted Household Income for Selected State and County: $71,850.00
Annual Income
Annual Income

Include

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

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

$0 for a business loss.

IRS transcripts required for all adult household members (except full-time students). Lender must obtain and review prior to closing.
Include income from cumulative household non-retirement assets of $50,000 or greater.

Assets with actual earnings will use the stated rate of interest.

Assets that do not earn interest will use a current passbook savings rate.

Deduct any funds utilized for down payment, closing costs, pre-paids, etc. in the home purchase transaction PRIOR to calculating asset income.
Annual Income: Exclusions

Exclude

- Lump Sum or Sporadic Payments
- Section 8 Housing Vouchers
- Student Loans
- SNAP Benefits
- Fringe Benefit Packages
Assets and Reserves

**Depository Accounts: Checking, Money Market Accounts, and Savings**

**Documentation:**
- Two months of recent bank statements; or
- Verification of Deposit (VOD) and a recent bank statement (official electronic printout of monthly statement is acceptable).
- **Investigate all recurring deposits** on the account statements that are not attributed to wages or earnings to confirm the deposits are not from undisclosed income sources. There is no tolerance or percentage of the amount of a recurring deposit that is not required to be investigated.
- **Investigate individual (non-recurring) deposits greater than $1,000** on the account statements that are not attributed to wages or earnings to confirm the deposits are not from undisclosed income sources.
- If the source of a deposit is readily identifiable on the account statement(s), such as a direct deposit from an employer, the Social Security Administration, an IRS or state income tax refund, or a transfer of funds between verified accounts, and the source of the deposit is printed on the statement, the lender does not need to obtain further explanation or documentation. However, if the source of the deposit is printed on the statement, but the lender still has questions as to the source of the deposit, the lender should obtain additional documentation.

**Reserves:** Eligible
- Lenders must use the balance as reflected on the most current bank statement, or on the verification of deposit if the date on the verification of deposit is dated after the bank statement. Electronic printouts are not permitted, unless they are the official electronic statements provided by the banking institution. Deposited gift funds require further documentation and calculation. Refer to the “Gift Funds” section of this Attachment for further guidance.

**Funds to Close:** Eligible

**Earnest Money**

**Documentation:**
- Retain a copy of the check, money order receipt, etc. that was remitted for the earnest money.

**Reserves:** Eligible

**Funds to Close:** Eligible

**GUS Instructions:**
- Earnest money that has cleared an applicant’s depository account may be entered under the “Other Credits” section of the “Lender Loan Information” GUS application page. The amount of earnest money should not be reflected in the balance of any asset entered on the “Assets and Liabilities” application page.
- Refer to the “Gift Funds” section of this Attachment for additional guidance when gift funds are used for the Earnest Money deposit.
## Annual Income – Example

<table>
<thead>
<tr>
<th>Adults</th>
<th>Minors</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Bob (Applicant)</strong></td>
<td>Jenny</td>
</tr>
<tr>
<td>(full-time employment;</td>
<td>($0</td>
</tr>
<tr>
<td>checking/savings - $20,000</td>
<td></td>
</tr>
<tr>
<td>jointly w/ Sue)</td>
<td>employment)</td>
</tr>
<tr>
<td><strong>Sue (Co-Applicant)</strong></td>
<td>Lily</td>
</tr>
<tr>
<td>(full-time employment;</td>
<td></td>
</tr>
<tr>
<td>checking/savings joint w/</td>
<td></td>
</tr>
<tr>
<td>Bob)</td>
<td></td>
</tr>
<tr>
<td><strong>Grandpa Happy</strong></td>
<td>Ben</td>
</tr>
<tr>
<td>(SSI and 401k;</td>
<td></td>
</tr>
<tr>
<td>checking &amp; savings $70,000</td>
<td></td>
</tr>
<tr>
<td>jointly w/ Grandma)</td>
<td></td>
</tr>
<tr>
<td><strong>Grandma Happy</strong></td>
<td>Sophie</td>
</tr>
<tr>
<td>(SSI and 401k; joint</td>
<td></td>
</tr>
<tr>
<td>checking &amp; savings w/</td>
<td></td>
</tr>
<tr>
<td>Grandpa)</td>
<td></td>
</tr>
<tr>
<td><strong>Sam</strong></td>
<td>Twins Lucy &amp;</td>
</tr>
<tr>
<td>(full-time college student)</td>
<td>Lucas</td>
</tr>
<tr>
<td>Only first $480</td>
<td></td>
</tr>
</tbody>
</table>

The Happy Family’s Annual Income

![Family Image]
GUS
“Eligibility”
Adjusted Annual Income
<table>
<thead>
<tr>
<th>Deduction Type</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>$480 per eligible dependent</td>
<td>(at time of application). May include when there is shared custody.</td>
</tr>
<tr>
<td>Verified childcare expenses for children 12 &amp; under</td>
<td>Anticipated for next 12 months. That enables family member(s) to work, seek employment or attend school.</td>
</tr>
<tr>
<td>Disability expenses that exceed 3% of annual income</td>
<td></td>
</tr>
<tr>
<td>$400 elderly deduction</td>
<td>(applicant or co-applicant is 62 or older). Only one $400 deduction per household.</td>
</tr>
<tr>
<td>Unreimbursed medical expenses</td>
<td>for elderly or disabled households that exceed 3% of annual income.</td>
</tr>
</tbody>
</table>
Adjusted Annual Income: Deductions

If Income Limit is $110,650

Gross Annual Income  $114,500
3 children x $480    - $ 1,440
Subtotal              $113,060

Childcare Expenses
$500/month x 12      - $ 6,000
Adjusted Income      =  $107,060
Loan Scenario

• Payments to a care attendant to stay with a disabled 16-year-old child allow the child’s mother to go to work every day.
  
  o These payments are an eligible disability assistance expense.
  
  o The disability assistance expenses cannot exceed the employment income of the family member enabled to work.
  
  o NOTE: Attendant care includes, but is not limited to, expenses for home medical care, nursing services, housekeeping and errand services, interpreters for hearing-impaired, and readers for persons with visual disabilities.
Allowable Deductions for Disability Expenses

Deduction for eligible expenses that exceed three percent of the annual income.

Applicant/Borrower earned income: $60,000
Co-applicant/Co-borrower income: +$30,000
Total annual income: $90,000

Care expenses for disabled household member $10,000

Calculation: $10,000
(3% of annual income) (90,000 x 3%) - $2,700
Allowable disability assistance expenses $7,300
Allowable Deductions for Medical Expenses

Loan Scenario

• Elderly household with an annual income of $25,000

• Anticipated medical expenses of $3,000 that are not covered by insurance or another source
  
  o Some anticipated expenses such as Medicare or other health insurance premiums and ongoing prescriptions can be documented easily.

  o Others need to be estimated. Use historical information about medical bills to estimate future expenses. However, the estimates should be realistic.
    
    ▪ For example, if the household has a significant medical bill, the Loan Originator would count only that portion of the bill that is likely to be paid during the coming year.
Allowable Deductions for Medical Expenses
Deduction for eligible expenses that exceed three percent of the annual income.

Applicant/Borrower income: $15,000
Co-applicant/Co-borrower income: +$10,000
Total annual income: $25,000

Total anticipated medical expenses: $3,000

Calculation: $3,000
(3% of annual income) (25,000 x 3%) - $750
Allowable medical expenses $2,250
## Adjusted Annual Income – Example

<table>
<thead>
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</tr>
</thead>
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<tr>
<td>Bob (Applicant)</td>
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</tr>
<tr>
<td>(full-time employment; $20,000 joint checking/savings)</td>
<td></td>
</tr>
<tr>
<td>Sue (Co-Applicant)</td>
<td>Lily</td>
</tr>
<tr>
<td>(full-time employment; $20,000 joint checking/savings)</td>
<td></td>
</tr>
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<td>Ben</td>
</tr>
<tr>
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</tr>
<tr>
<td>Sam (full-time college student)</td>
<td>Twins Lucy &amp; Lucas</td>
</tr>
</tbody>
</table>

### The Happy Family’s Adjusted Annual Income

\[480 \times 7 = 3360\]

May also include verified childcare expenses

Elderly deduction does not apply
GUS
“Eligibility”

Eligibility

Property Information

Household Member Information

Monthly Gross Income For All Household Members

Enter the current monthly gross income of all adult household members required to determine annual household income eligibility

Primary Borrower (P)

Base

$3,000.00

Commission

$0.00

Overtime

$0.00

Military Entitlements

$0.00

Bonus

$0.00

Other

$0.00

All Other Monthly Income Received by Adult Members of the Household

$0.00

Total Household Income

$36,000.00

Allowable Adjustments

$0.00

Adjusted Household Income

$36,000.00

Check Income Eligibility

ELIGIBLE
The applicant currently lives with his sister; however, she will not be moving to the home being financed. Is her income required to be included in the annual and adjusted annual income calculations if they have not been living apart for three months?
Chapter 9, Section 9.3B states that lenders must include the income of an applicant’s spouse, unless the spouse has been living apart from the applicant for at least 3 months.

This section further states, “This guidance applies to domestic partners, significant others, and fiancés that are currently living with the applicant as a household/family unit.”

If the individual does not meet this definition, such as the case of living with a sister, then the three month evidence would not be required.
Frequently Asked Questions…

The applicant recently started a new job where the employer reimburses employees for market health insurance premiums up to $500/month. The income is non-taxable. Is this required to be included in the annual income calculation?
ANSWER: NO

Since the income is non-taxable, it is considered reimbursement, therefore not included in the annual income calculation.
Repayment Income
Helpful Tips

Include stable and dependable income of parties to the note only

Co-signers are not allowed

Use caution when wages have significantly increased or decreased (20% or greater)

USDA does not underwrite loans!

Lender = Underwriter  USDA = Compliance

Evidence of historical earnings – Lenders must analyze gaps
### Repayment Income – Excluded Types

<table>
<thead>
<tr>
<th>Excluded Types</th>
</tr>
</thead>
<tbody>
<tr>
<td>Any student financial aid received by household members for tuition, fees,</td>
</tr>
<tr>
<td>books, equipment, materials and transportation</td>
</tr>
<tr>
<td>Amounts received that are specifically for or in reimbursement of the cost</td>
</tr>
<tr>
<td>of medical expenses for any family member</td>
</tr>
<tr>
<td>Temporary, nonrecurring, or sporadic income – including gifts</td>
</tr>
<tr>
<td>Lump sum additions to family assets such as inheritances, capital gains,</td>
</tr>
<tr>
<td>insurance payments and personal or property settlements</td>
</tr>
<tr>
<td>Payments for the care of foster children or adults</td>
</tr>
<tr>
<td>Supplemental Nutrition Assistance Program payments</td>
</tr>
</tbody>
</table>
### Repayment Income – Required History

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

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

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

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

*(See HB-1-3555, Attachment 9-A for more inclusive list)*
Repayment Income – Special Considerations

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

Tax Exempt Income:

- Any loss incurred from a business that is closed may be removed from consideration when a letter is provided with documentation of the following:
  1. When the business closed
  2. Why the business closed
  3. How the business closed
  4. Evidence to support the closure

Self-Employed Business
## Repayment Income – Example

<table>
<thead>
<tr>
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<th>Minors</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Bob</strong> <em>(Applicant)</em></td>
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<tr>
<td><em>(full-time employment; $20,000 joint checking/savings)</em></td>
<td></td>
</tr>
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<td><strong>Lily</strong></td>
</tr>
<tr>
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<td></td>
</tr>
<tr>
<td><strong>Grandpa Happy</strong> <em>(SSI and 401k; $70,000 joint checking &amp; savings)</em></td>
<td><strong>Ben</strong></td>
</tr>
<tr>
<td><strong>Grandma Happy</strong> <em>(SSI and 401k; $70,000 joint checking &amp; savings)</em></td>
<td><strong>Sophie</strong></td>
</tr>
<tr>
<td><strong>Sam</strong> <em>(full-time college student)</em></td>
<td><strong>Twins Lucy &amp; Lucas</strong></td>
</tr>
</tbody>
</table>

The Happy Family’s Repayment Income
GUS “Borrower Information”

1. Enter Borrower Information:
   - Employer or Business Name
   - Phone
   - Street Address
   - City
   - State
   - Zip Code

2. Employment Details:
   - Position or Title
   - Start Date

3. Monthly Income:
   - Basic Income
   - Overtime Income
   - Bonus
   - Commission
   - Military Entitlements
   - Other Income

Use the Calendar Icon to pull up a calendar to help select dates.
GUS does not determine stable and dependable income. The underwriter does.

Incorrect data entries will render the underwriting recommendation as invalid.

Retain all documentation in the permanent loan file.
Attachment 9-B = Not Required!

But a very helpful tool!
The applicant has only been at his current job for 4 months, but it is mandatory that he works 10 hours of overtime per week. He does not have a history of earning overtime in his previous position. Since the overtime is mandatory, can it be used in repayment income?
Even if the overtime is mandatory, a 12-month history of receipt in the same or similar line of work is required in order to be considered for repayment income.
The applicant is employed by a manufacturing plant that shuts down each year in July for cleaning and maintenance. Employees are “laid off” for the month and return in August.

Would we consider this seasonal employment and require a 2-year history or regular base wages?
ANSWER: Regular Base Wages

Although Rural Development guidelines do not define a set period of time to be considered seasonal employment, a one-month layoff would generally not be considered a seasonal employment.

In this case the layoff is for cleaning and maintenance, not the seasonality of the line of work.
Income Verification Requirements
Income Verification Requirements

Streamlined Documentation

1. recent paystub with YTD figure
2. Written VOE (may be electronically generated)
3. Verbal VOE (must be obtained within 10 business days of closing)

EMPLOYED INCOME (base, overtime, bonus, commissions, etc.)

Verify for all adult household members except full-time students.

Full Documentation

- Paystubs covering the most recent four weeks of earnings
- W-2’s for the most recent two tax years
- Verbal VOE (must be obtained within 10 business days of closing)
Income Verification Requirements

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

OR

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

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

Confirmation the business is operational within 30 days of loan closing
## IRS Transcripts

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>✔️</td>
<td>Required for all required household members.</td>
</tr>
<tr>
<td>✔️</td>
<td>Full time students age 18 and up that are not the applicant, co-applicant, or spouse of an applicant are not required to sign the 4506-T/4506-C or have transcripts provided.</td>
</tr>
<tr>
<td>✔️</td>
<td>Transcripts provide a quality control measure to ensure all income and asset earnings reported to the IRS have been disclosed to the lender.</td>
</tr>
<tr>
<td>✔️</td>
<td>Lenders must obtain and review the transcripts prior to loan closing and retain them in their permanent loan file.</td>
</tr>
<tr>
<td>✔️</td>
<td>Previously unknown/undisclosed income or asset sources that are identified by the transcripts will require additional review by the lender and may render a loan file ineligible.</td>
</tr>
</tbody>
</table>
Income worksheet was removed from the 3555-21 but calculations are still required

Lender must document and retain income calculations for all adult household members

Do not submit to USDA for GUS “Accept” loans

Attachment 9-B, Underwriting Transmittal Summary, or Similar Form
Show Me the Math!

Annual Income: $32.50 x 40 hrs = $1,300 x 52 = $67,600
YTD OT 7,500/5.4 mos = $1,388.88 x 12 = $16,666.67 + hourly $67,600 = $84,266.67
Assets
If an applicant does not need funds to close, assets must still be verified?
FACT OR FICTION

• Assets must be verified whether they are required for funds to close or not.

• Assets may affect income eligibility (Chapter 9) and applicant eligibility (Chapter 8).
Income from eligible assets may be required to be included in annual income.

Assets are considered a compensating factor which do impact underwriting recommendations in GUS.

Lenders will determine if assets are to be included in the underwriting analysis.
Asset Verification
You may not have to enter them…but you have to verify them!

Not required on “Assets & Liabilities” page, but may be required on “Eligibility” page.

Always required to verify. Calculation required if cumulative household total exceeds $50,000.
Asset Inflation

Accuracy matters!

- Invalid GUS underwriting recommendations
- Invalid compensating factors
- Inaccurate annual income calculation
- Potential fraud
Assets...Which do I use?

December Ending Balance: $4,354.53

January Current Balance: $4,534.32

Use this amount
Example: Calculating Income from Assets

- Checking account (non-interest bearing): $17,000
- Savings account (.25% interest): $24,000
- Certificate of Deposit (3% interest): $15,000

Total Assets: $56,000 less $5,000 from checking used to purchase the home

Remaining Assets = $51,000
Income: Calculating Assets

Example (continued): Calculating Income from Assets

- Checking: $17,000 - $5,000 = $12,000 \times .25\% = $30
- Savings: $25,000 \times .25\% = $62.50
- CD: $15,000 \times 3\% = $450

**Asset Calculation:** $30 + 62.50 + 450 = $542.50

*Include $542.50 in annual income calculation*
The applicant has a joint savings account with her mother. She indicates it is her mother’s account and she is only on the account for emergency purposes.

Do we have to verify and consider the account since it is really the mother’s account?
ANSWER: Yes

Although the funds may be intended for the mother, if the funds are in the applicant’s name, including a joint account, with the applicant having access to the funds then those assets would be considered personal assets of the applicant.

The account would need to be verified and considered in accordance with Chapter 9 as well as considered in the review of the conventional credit test as outlined in Chapter 8.
The lender can consider up to what percent of the vested amount of a retirement account for reserves?

1. 40%
2. 60%
3. 0%
The lender can consider up to 60% of the vested amount of the retirement account as reserves.

Any funds borrowed from these accounts, such as a 401K loan, are not considered cash reserves.

Retirement accounts that restrict withdraws to circumstances involving the applicant’s employment separation, retirement, or death should not be considered as a cash reserve.
Frequently Asked Questions…

Proceeds from the sale of a home can be considered for reserves?

True or False?
Frequently Asked Questions…

**ANSWER: TRUE**

Verified sales proceeds can be considered reserves.

Documentation to verify sale proceeds includes the closing disclosure, or acceptable alternative, and verification of where the proceeds are held and their availability to the applicant.

Lenders should include the amount as an “Other Asset” labeled as “Proceeds from Real Estate Property to be sold on or before closing” to ensure GUS recognizes the inclusion in case reserves.
Handbook Updates
Updates to HB-1-3555, Chapters 4 and 11

The Single Family Housing Guaranteed Loan Program (SFHGLP) is pleased to announce revisions to technical Handbook-1-3555, Chapter 4, Lender Responsibilities; and Chapter 11, Ratio Analysis. These changes became effective upon the recent issuance of a Procedure Notice (PN). Below are the highlighted revisions:

Chapter 4 – Lender Responsibilities

- Updated the point of contact for submission of Form RD 3555-11, Lender Record Change.
- Provided the definition of negligent servicing.
- Added additional clarification to the conditions in which the Agency may seek indemnification and how loss claims will be considered for loans subject to indemnification.
- Provided Agency contact information for various topics (reporting mortgage fraud, ESR system, etc.).

Chapter 11 – Ratio Analysis

- Revised the terminology in Section 11.2 to mirror the verbiage on the Uniform Residential Loan Application.
- Clarified that 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.
- Clarified that 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.
- Clarified that a copy of the executed escrow agreement for temporary buydown accounts must be retained in the lender’s permanent loan file.
SFH Guaranteed Origination

January 18, 2024

Advance Notice: GUS Changes and Revisions to HB-1-3555, Chapter 8

The Single Family Housing Guaranteed Loan Program (SFHGLP) will be implementing a change in the Guaranteed Underwriting System (GUS) to remove required data entry in the Immigration/Naturalization Check Information section of the Additional Data screen for non-U.S. Citizen applicants. The anticipated implementation date for these changes is April 1, 2024.

Upon implementation, it will be the approved lender’s responsibility to document the applicants’ legal residency, rather than utilizing the Systematic Alien Verification for Entitlements (SAVE) system through GUS. Applicants are required to have a valid social security number and evidence of continued residency and income. The approved lender remains responsible for collecting all necessary documents needed to validate eligibility. 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 of the SFHGLP.

To incorporate this change, revisions to technical Handbook 1-3555, Chapter 8, Applicant Characteristics have been drafted, with the changes expected to be implemented on April 1, 2024. The following are highlights of the upcoming Handbook revisions.

Chapter 8 – Applicant Characteristics

- Removed all references to the Systematic Alien Verification for Entitlements (SAVE) program.
- Clarified that approved lenders will be responsible to obtain and review a non-U.S. Citizen’s identification number and documentation to determine the applicant’s eligibility for the SFHGLP.

Copies of the upcoming revisions are available for review on the Loan Origination page of the USDA LINC Training and Resource Library, under the sub-heading “New.”

Questions regarding program policy and this announcement may be directed to sfhglp.program@usda.gov or (833) 314-0158.

Thank you for supporting the Single-Family Housing Guaranteed Loan Program.
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Single Family Housing Guaranteed Loan Program

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https://www.rd.usda.gov/resources/usda-linc-training-resource-library
New**

- Department of Hawaiian Home Lands MOU

Documents & Resources

1. 3555 Handbook (PDF)
2. 3555 Regulation - 7 CFR 3555 (PDF)
3. FAQ Loan Origination (PDF)
4. Form RD 3555-21 Request for Loan Guarantee (PDF)
5. GRH Loan Checklist -- Attachment 15-A (PDF)
6. Manual Submission Job Aid (PDF)
7. GRH Income Worksheet -- Attachment 9-B (PDF)
8. Guaranteed and Annual Fee Calculation Guidance (PDF) Calculator (Excel)
9. Income Matrix (PDF)
10. Refinance Matrix (PDF)
11. Sample Worksheet for Calculating Maximum Loan (PDF)
12. Capital Financial Requirements for Non-Regulated Lenders (PDF)
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