

Credit Analysis

Single Family Housing Guaranteed Loan Program



Credit Analysis

- Where is the topic located?
 - 7 CFR Part 3555, paragraph 3555.151, Eligibility Requirements
 - [7 CFR Part 3555](#)
 - HB-1-3555, Chapter 10, Credit Analysis
 - [Handbooks | Rural Development \(usda.gov\)](#)



Credit Analysis

- Right off the bat.
- If you are unfamiliar with USDA, your burning question is probably:



Credit Analysis

- What is USDA's minimum Credit Score?
- Short Answer:
 - USDA does not have a specific minimum Credit Score



Credit Score for a GUS Accept?

- Credit Analysis



- USDA does not use a single minimum credit score.
- The Guaranteed Underwriting System (GUS) is a sophisticated automated system that analyzes the *strengths & weaknesses* in each file (including credit history, reserves, job history, etc.).
- Based upon those strengths/weaknesses, and GUS's ability to analyze them, there is no standard credit score minimum.

Prudent Underwriting

- Credit Analysis



- ✓ It is the lender's responsibility to determine the creditworthiness of the applicant.
- ✓ Lenders and investors may have overlays such as minimum credit score requirements.
- ✓ In some cases of adverse credit, the lender's underwriter can grant credit exceptions.

7 CFR Part 3555

- Credit Analysis

7 CFR Part 3555: 3555.151(i)

- Verifiable credit history
- Demonstrate ability and willingness to meet debt obligations
- Acceptable/Verified credit score does not = automatic approval
- Draw logical conclusion regarding commitment to successfully handle financial obligations
- GUS is only a tool to assist lenders to evaluate risk



Update – Mandatory use of GUS

- Credit Analysis

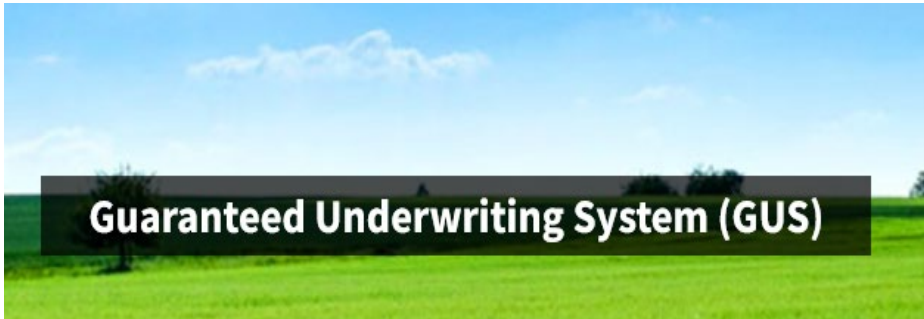


Mandatory

- As of May 9, 2022, use of the GUS system is mandatory.
- Only loans not supported by GUS (Streamlined Assist Refinances, Existing Manufactured Home Pilot Program, etc.) should continue to be submitted as in the past.
- Loans that receive “Refer” or “Refer with Caution” GUS recommendation can still be submitted to USDA as a “manually underwritten” loan by using GUS final submission.
- All other loans **must** be submitted in GUS.

Credit Requirements and GUS

- Credit Analysis



Credit requirements may vary for loans originated through GUS vs. those few files that will continue to be manually underwritten.

Repeat:

Credit requirements may vary for loans originated through GUS vs. those few files that will continue to be manually underwritten.

Non-Starters

- Credit Analysis

Will render an Applicant ineligible:

- Presently delinquent on non-tax Federal debt
- Presently delinquent court ordered child support
unless:
 - Approved repayment agreement in place with 3 timely payments made prior to loan closing –or–
 - Arrearage is paid in full prior to loan closing –or–
 - Release of Liability is (verified) and documented
- Applicant does not have a clear “A” CAIVRS number
- SAM check shows suspended from Federal programs



Credit Report Requirements

- Credit Analysis

Must be from a recognized credit repository that is not affiliated with the Lender.

- Automated Merged Reports:
 - MMCR & TRMCR and
 - RMCR
- GUS will not accept Experian “Boost” reports/scores.



Credit Report Requirements

- Credit Analysis

Must meet requirements of Fannie, Freddie, HUD or VA:

- No more than 120 days old at loan closing
- Accurate and complete
- Provide an account of the credit history and public record information for each applicant who is a party to the note;



Credit Report Requirements (cont'd)

- Credit Analysis

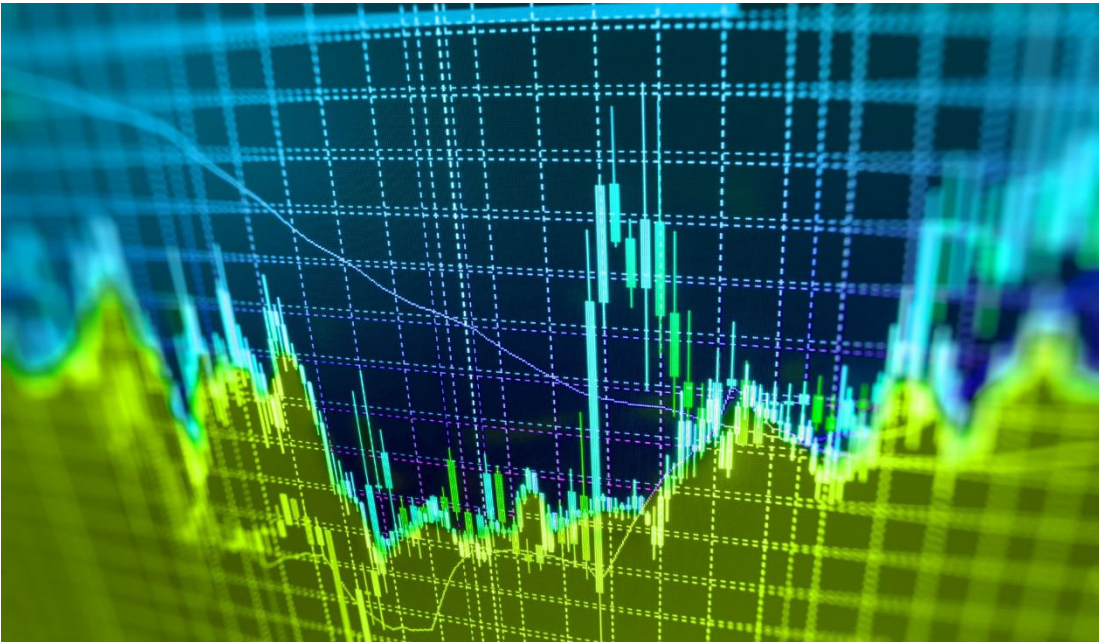
Credit reports must also:

- Be an original document
- Have no whiteouts or alterations
- Have name/address of reporting agency
- Give primary repository from where info was pulled for each account
- Give name of who ordered report



Credit Report Requirements

- Credit Analysis



- Lenders follow credit repository guidelines, lending laws, etc. to determine if joint applicants must have separate credit reports.
- USDA does not require unmarried applicants to be on one credit report, loan application, Form RD 3555-21, etc.
- Applicants must ensure credit data frozen at any credit repository is made available.

Unable to Secure Conventional Credit

The “Test for Other Credit”

USDA requires that applicants must be unable to obtain traditional conventional mortgage credit, as defined by the Agency, for the subject loan.

Traditional conventional credit is defined for Agency purposes as an applicant that:

- Has personal non-retirement liquid asset funds of at least 20% (including equity from sale of current residence); and
- Can pay all closing costs (plus the 20% down) associated with the loan; and
- Meets qualifying ratios of no more than 28% PITI and 36% TD; and
- Demonstrates qualifying credit for such a loan; AND
- Conventional loan is 30-year fixed rate loan without PMI
- Lender and applicant certify applicant is not eligible for conventional credit by signing the 3555-21

**FHA and VA are
NOT
considered
conventional credit**

Check SAM for Suspension or Debarment

- Individuals who have been suspended or debarred from participation in Federal programs are not eligible for a guaranteed loan.
- The approved lender or their agent must screen the applicant and parties to the transaction on the SAM website: (www.SAM.gov)

The screenshot shows the SAM website homepage. At the top left is the SAM logo with the tagline 'SYSTEM FOR AWARD MANAGEMENT'. To the right is a yellow banner with the text 'A NEW WAY TO SIGN IN - If you already have a SAM account, use your SAM email for login.gov.' and a 'Log In' button. Below the banner is a navigation bar with links: HOME, SEARCH RECORDS, DATA ACCESS, CHECK STATUS, ABOUT, and HELP. Two red alert banners are visible: 'ALERT: SAM.gov will be down for scheduled maintenance Saturday, 06/13/2020 from 8:00 AM to 1:00 PM' and 'ALERT: CAGE is experiencing intermittent service interruptions. SAM registrants may encounter an error validating a CAGE Code. If this happens, please try again later.' The main content area is titled 'Search Records' and includes 'Search Tips to Get Started:' with five bullet points. Below the tips is a section titled 'Choose Quick Search or Advanced Search' which is divided into two columns. The left column is for 'QUICK SEARCH' and contains a search term input field, a 'DUNS Number Search' field, and a 'CAGE Code Search' field, all with 'ONLY' suffixes. The right column is for 'ADVANCED SEARCH' and contains three buttons: 'ADVANCED SEARCH - ENTITY', 'ADVANCED SEARCH - EXCLUSION', and 'DISASTER RESPONSE REGISTRY SEARCH'. At the bottom of the quick search section are 'SEARCH' and 'Need Help?' buttons.

SAM
SYSTEM FOR AWARD MANAGEMENT

A NEW WAY TO SIGN IN - If you already have a SAM account, use your SAM email for login.gov. **Log In**
Login.gov FAQs

HOME SEARCH RECORDS DATA ACCESS CHECK STATUS ABOUT HELP

⚠️ ALERT: SAM.gov will be down for scheduled maintenance Saturday, 06/13/2020 from 8:00 AM to 1:00 PM

⚠️ ALERT: CAGE is experiencing intermittent service interruptions. SAM registrants may encounter an error validating a CAGE Code. If this happens, please try again later.

Search Records

Search Tips to Get Started:

- Looking for entity registration records or entity exclusion records in SAM? Use **Quick Search** if you know an entity's Business Name, DUNS Number or CAGE Code. Use **Advanced Search** to structure your search using multiple categories and criteria.
- Are you a Federal government employee? Create a SAM user account with your government e-mail address and log into SAM before searching to see FOUO information and registrants who chose to opt out of the public search.
- Conducting small business-focused research? In addition to what is contained in SAM, small businesses can provide the Small Business Administration (SBA) supplemental information about themselves. Use the [SBA's Dynamic Small Business Search](#) to conduct further market research.
- Trying to find a contractor participating in the Disaster Response Registry? Use the **Disaster Response Registry Search** to locate contractors willing to provide debris removal, distribution of supplies, reconstruction, and other disaster or emergency relief services in the event of a national disaster.

Choose Quick Search or Advanced Search

QUICK SEARCH:

Enter your specific search term
(Example of search term includes the entity's name, etc.)

DUNS Number Search: Enter DUNS number ONLY

CAGE Code Search: Enter CAGE code ONLY

SEARCH Need Help?

ADVANCED SEARCH:
Use specific criteria in multiple categories to structure your search.

ADVANCED SEARCH - ENTITY

ADVANCED SEARCH - EXCLUSION

DISASTER RESPONSE REGISTRY SEARCH

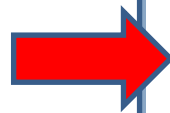
Document you checked SAM

- Once the lender has screened the applicant you must:
 - Record date verified on 3555-21
 - SAM must be checked within 30 days of loan closing

3555-21

GSA/SAM Exclusion: (Check "Yes" if any party is excluded, otherwise check "No") *Only applicable to non-GUS submissions.*

Yes ☐ No ☐ Date GSA/SAM Checked:



Eligibility Borrower Information Assets and Liabilities Real Estate Loan and Property Information Declarations / Military **Additional Data** More...

Additional Data

Purchase is (P)
New

Will a repair escrow account be established for repairs to be completed post-issuance of Loan Note Guarantee? (F)
☐ Yes
☐ No

System for Award Management (SAM) indicates a party to the transaction is debarred from business with the Federal government. (P)
☐ Yes
☒ No

Date Checked on [System for Award Management \(SAM\)](#) (P)
05/03/2021

Lender Name
PRIORITY BANK

USDA Assigned Branch Number
001

Requirement Checks

New Construction Dwellings: USDA new construction requirements and documentation are met. (P)
By Closing

Existing Dwellings: Current minimum property requirements (MPR) of HUD Handbook 4000.1 are met. (P)
Choose One

Credit Eligibility Requirements CAIVRS

- **Verify applicant is not presently delinquent on a Federal debt**
 - Lender must verify through the **Credit Alert Verification Reporting System (CAIVRS)**
 - Access to CAIVRS provided on the **“Additional Data”** screen in GUS
 - The presence of delinquent non-tax Federal debt, child support, or previous USDA loss cannot be waived by the lender

Eligibility Borrower Information **Assets and Liabilities** Real Estate Loan and Property Information Declarations / Military More...▼

Validate Application
Withdraw Application

Assets and Liabilities

> Assets - Bank Accounts, Retirement, and Other Accounts You Have (0)

> Other Assets You Have (0)

> Liabilities - Credit Cards, Other Debts, and Leases that You Owe (0)

> Other Liabilities and Expenses (1)

▼ **CAIVRS Information**

NOTE: If the CAIVRS service is available, the number returned will be automatically populated and protected once the Borrower application page is saved. If the CAIVRS service is unavailable when the Borrower application page is saved, you can retrieve the CAIVRS number utilizing one of the following options:

1. Call the CAIVRS service through GUS by clicking on the "Get CAIVRS Number" button for each borrower.
2. Access the HUD CAIVRS website directly by selecting "Access CAIVRS Website" hyperlink. The CAIVRS number retrieved in this manner must be manually entered in the CAIVRS Number block below.

Borrower Name CAIVRS Number (F) ⓘ

Alice Firstimer A240239715

1 **2** **3**

Get CAIVRS number
Access CAIVRS Website

Validating the Credit Score

GUS “Accept” Files

- No credit score validation required

GUS “Refer”, “Refer w/Caution”, and Manually Underwritten Files

- **One applicant** must have at least **two** historical trade line references to validate score
 - Accounts may be open, closed, or paid in full
 - 12 month history (previous history ok)

• **If there are no eligible tradelines on the credit report, non-traditional credit must be verified**

- Eligible tradelines can include: revolving accounts, installment loans, credit cards, collections, and charge off accounts
- Ineligible tradelines include: Child support, alimony court ordered debt, and deferred-payment loans



Rent History

GUS “Accept” File

- No verification of rent or mortgage required

GUS “Refer”, “Refer with Caution”, or Manually Underwritten Loan

- May require a verification of rent or mortgage
 - Refer to GUS Underwriting Findings Report
- If a full 12-month verification is not available, the lender may utilize the time period that is available.

One rent 30 or more days late in the past 12 months is considered a significant derogatory credit and will require a credit exception from the lender’s approval official.

Obtaining Non-Traditional Credit History

- The lender may develop a Non-Traditional Mortgage Credit Report (NTMCR)
- Two trade lines required for applicants with present housing expense (rent + 1)
- Three trade lines required for applicants without present housing expense
- When using Non-Traditional Credit, those Applicants are not eligible for Debt Ration Waiver.



An applicant's decision not to use traditional credit will not be used as a basis for rejection



Obtaining Non-Traditional Credit History



- To be valid, each tradeline must have 12 months of repayment history
- Traditional trade lines with a 12 month history can be combined with eligible non-traditional trade lines
- Trade lines may be open, recently closed (6 months or less) and/or paid in full by the applicant

Acceptable NTMCR forms of documentation:

- Cancelled checks
- 3rd party verification
- Non-traditional credit report



Credit Exceptions

- Exceptions should only be for situations that are:
 - Temporary in nature, beyond the applicant's control, and due to the current employment/financial/health of the household are unlikely to reoccur. (i.e. temporary loss of job, illness, etc.)
- Lenders cannot grant exceptions for:
 - Delinquent court ordered child support
 - Delinquent federal non-tax debt
 - Previous USDA loss
 - Ineligible CAIVRS/SAM results

If the lender believes the applicant is creditworthy, then an exception may be made

Credit Exceptions

- **GUS “Accept” Files**
 - Credit exceptions NOT required
- **GUS “Refer”, “Refer w/Caution”, and Manually Underwritten Files**
 - Credit exceptions required for:
 - Foreclosures, Bankruptcies, Deeds-in-Lieu, and Short Sales that occurred within the past 36 months
 - One rent or mortgage payment that was 30 or more days late in the past 12 months





Collection Accounts



A credit exception is no longer required for collection accounts regardless of the GUS underwriting recommendation.

Collection Accounts

A credit exception is no longer required for collection accounts regardless of the GUS underwriting recommendation.

But what about Repayment Ratios?

- All open collections must be listed on the Asset and Liabilities GUS page, noted and marked accordingly.
- If the cumulative total of all non-medical collections exceeds \$2000, the lender must:
 - Require payment in full of these accounts prior to closing, or
 - Use an existing repayment agreement amount, or
 - Include 5% of the outstanding balance



Chapter 10, Credit Analysis



Attachment 10-A, Credit Matrix



Provides guidance regarding agency's requirements for credit documentation



ATTACHMENT 10-A
CREDIT MATRIX
Credit guidance: 3555.151(i)
CREDIT ALERT VERIFICATION REPORTING SYSTEM (CAIVRS)
CAIVRS is a Federal government wide repository to file and report delinquent and/or defaulted claims on individuals that were paid on their behalf.
CAIVRS may return the following results: <ul style="list-style-type: none">• A: Approved by CAIVRS (no issues exist)• B: Multiple cases from one or more Federal agencies• C: Claim filed• D: Default on loan• F: Foreclosure of loan• J: Judgment filed
An "A" response is the only acceptable result for an applicant to be eligible for a guaranteed loan.
<u>CAIVRS in GUS:</u> <ul style="list-style-type: none">• GUS will automatically retrieve the CAIVRS response for each applicant when the Borrower



*Chapter 10: Attachment 10-A,
Credit Matrix*



Credit Matrix - Pages 1-6 address:

- **Pulling CAIVRS,**
- **Credit Score Validation,**
- **Credit Inquiry/Recent Debts/Undisclosed Debts,**
- **Credit Exceptions,**
- **Non-Traditional Credit, and**
- **What to do after USDA's Conditional Commitment is issued for: new or undisclosed debts or increased payments on existing debts.**



HB-1-3555

*Chapter 10: Attachment 10-A,
Credit Matrix*



Pages 7-17 address:

- | | |
|---|---|
| <ul style="list-style-type: none">• Authorized User Accounts• Bankruptcies• Charge-Offs• Collections• Debt Management Plans• Delinquent Court-Ordered Child Support• Delinquent Federal Non-Tax Debt• Owed Federal Taxes | <ul style="list-style-type: none">• Disputed Accounts• Garnishments• Non-Federal Judgments• Non-Purchasing Spouse Debt• Deeds-in-Lieu• Foreclosures• Short Sales• Previous USDA Loss• Rent/Mortgage Pmt History |
|---|---|

HB-1-3555 - Chapter 10:

Attachment 10-A, Credit Matrix

CREDIT INQUIRIES/RECENT DEBTS/UNDISCLOSED DEBTS

A credit inquiry is a request by an institution for credit report information. A hard inquiry is requested when an applicant is seeking credit and completes a credit application. Hard inquiries are typically listed on the credit report and factored into the credit score. A soft inquiry is not included on the credit report and does not result in a new credit/debt. Soft inquiries may include a free annual credit report, companies developing marketing lists, prequalification offers, etc.

Inquiries for credit made by the applicant(s) 90 days before the date of the credit report must be investigated to determine if new credit accounts were opened. Lenders must retain documentation in their permanent loan file to support newly identified debts.

GUS Accept/Accept with Full Documentation files:

New installment or revolving accounts that are not reflected on the credit report in GUS must be manually entered on the GUS Assets and Liabilities page under the Liabilities – Credit, Cards, Other Debts and Leases that You Owe section. No downgrade is required.

GUS Refer, Refer with Caution, and Manually underwritten files:

New installment or revolving accounts that are not reflected on the credit report in GUS must be manually entered on the GUS Assets and Liabilities page under the Liabilities – Credit, Cards, Other Debts and Leases that You Owe section or on the loan application for non-GUS loans.



HB-1-3555 - Chapter 10:

Attachment 10-A,

Credit Matrix

CHAPTER 7 BANKRUPTCY (BK)

Chapter 7 of Title 11 of the U.S. bankruptcy code controls the process of asset liquidation. A trustee is appointed to liquidate nonexempt assets to pay creditors. After the proceeds are exhausted, the remaining debt is discharged.

A Chapter 7 BK discharged or dismissed more than 36 months at the time of loan application is not considered adverse credit.

GUS Accept/Accept with Full Documentation files:

GUS may render an Accept underwriting recommendation for loan files that have been discharged from Chapter 7 BK less than 36 months. No credit exception is required.

GUS Refer, Refer with Caution, and manually underwritten files:

The approved lender may determine the applicant(s) is creditworthy when their Chapter 7 BK has been discharged less than 36 months. A credit exception must be documented and submitted with the loan file. Refer to the Credit Exception section for guidance.

Chapter 7 BK that includes a mortgage:

If the Chapter 7 BK absolved a mortgage debt, the applicant is not legally liable to repay unless the debt was reaffirmed. Foreclosure action post BK discharge is against the property, not the applicant, to allow the lender to obtain title. However, until the property is fully titled to the lender, the applicant remains responsible for real estate taxes, home insurance premiums, HOA fees, special assessments, and similar debts.

Include applicable items in the debt ratio unless evidence confirms the applicant is no longer in ownership. Lenders must retain documentation in their permanent loan file.



HB-1-3555 - Chapter 10:

Attachment 10-A,

Credit Matrix

CHAPTER 11, 12 OR 13 BANKRUPTCY (BK)

Chapter 11, 12 and 13 U.S. bankruptcy proceedings allow the debtor to reorganize their finances and debt payments under the supervision and approval of the court. An impartial trustee consolidates the debt and distributes money to each creditor.

Plan in Progress - GUS Accept/Accept with Full Documentation files:

Confirm all payments for the Chapter 11, 12 or 13 BK are included on the Asset and Liabilities application page. GUS may render an Accept underwriting recommendation. No downgrade is required due to the manual entry of the monthly BK payment. No credit exception is required.

Plan in Progress - GUS Refer, Refer with Caution, and manually underwritten files:

An applicant with a Chapter 11, 12 or 13 BK in progress must meet the following:

- Lender must document 12 months of debt restructure plan has elapsed;
- All required payments have been made on time; and
- The applicant has written permission from the bankruptcy court/trustee to enter into a mortgage transaction. If the bankruptcy court/trustee does not review or issue permissions, the creditor may determine if the applicant is an acceptable credit risk.

Confirm all payment amounts for the Chapter 11, 12 or 13 BK are included on the Asset and Liabilities application page in GUS or on the loan application. No credit exception is required.

Completed Plan - GUS Accept/Accept with Full Documentation files:

No credit exception is required.

Completed Plan - GUS Refer, Refer with Caution, and manually underwritten file:

Plans completed 12 months prior to loan application require no further documentation. No credit exception is required.

GUS Underwriting Finding Report

**Review the
“GUS Underwriting
Findings Report”
at the “View
Findings” Tab**

[Eligibility](#) [Borrower Information](#) [Assets and Liabilities](#) [Real Estate](#) [Loan and Property Information](#) [View Findings](#) [More...](#)

[GUS Underwriting Findings Report](#) [GUS Underwriting Analysis Report](#) [GUS Credit Report](#)

GUS Underwriting Findings Report

The underwriting findings for the final submission should be printed by the lender, retained in their permanent case file, and are the official findings that the lender must conform to. Lenders must perform a review of the Final GUS Underwriting Findings Report (The Finding Report displayed after the Final Submission) and confirm the conditions prior to the Conditional Commitment have been met. Your loan application has been submitted to the Rural Development Office for review. You are now locked out of the loan application and have view only capability of the application. Rural Development will contact you concerning the status of your loan. If you have questions, please contact your local office.

Underwriting Summary

Underwriting Recommendation: Accept / Eligible

Property Eligibility	Eligible	Primary Borrower	Homeowner, John
Income Eligibility	Eligible	Submission Type	Final
Loan Eligibility	Eligible	Submission Sequence Nbr	2
Loan Risk Evaluation	Accept	Submission Date/Time Stamp	08/18/2020 04:17 PM CDT
		Submitted By	ULATest32 Level2

Borrower Name	Borrower Eligibility	Borrower Risk Evaluation
Homeowner, John	Eligible	Accept
Homeowner, Mary	Eligible	Accept

Lender Name	QUICKEN LOANS INC	Lender Agent Name	ULATest32 Level2
Lender Tax ID	382603955	Lender Agent Tax ID	382603955
USDA Assigned Branch Number	001		
Lender Loan Number	4223887882		
Application ID Number	0000002977		

Lender's Required Conditions

Prior to Final Submission Findings

Underwriting Summary

Underwriting Recommendation: Accept With Full Documentation / Eligible

Property Eligibility	Eligible
Income Eligibility	Eligible
Loan Eligibility	Eligible
Loan Risk Evaluation	Accept

(HDF): Obtain FEMA Form 086-0-32 (SFHDF). Submit form to Rural Development when requesting a conditional commitment for 1-yr. floodplain the lender must ensure flood insurance through FEMA's National Flood Insurance Program (NFIP) is available for the borrower's own, or private flood insurance, as approved by the lender, is purchased. Additional requirements for flood insurance are listed for new construction properties.

Intelligence when reviewing the loan file to determine if there is any potentially derogatory or contradictory information that is not part of the information in the data submitted to GUS. If the lender is aware of any contradictory, derogatory, or erroneous information, the lender is aware of debts, late payments or derogatory information that has not been made available to the data submitted to GUS, the ACCEPT may be required to be manually downgraded by the lender to REFER on the Credit Underwriting page in GUS. The file

will remain in the applicant's account after loan closing and must be supported with proper documentation per HB-1-3555 Chapter 8.2B. Gift funds from any source may not be included in the cash reserve calculation.

The omitted from repayment consideration in the application. Lender must document the reason the account(s) was omitted in the application (for each tradeline omitted) and retain documentation surrounding the omission in their permanent case file. Refer to HB-1-3555 Chapter 8.2B. Wright, Joshua Clyde has liability with an account type of CollectionJudgements, balance of \$25.00, monthly payment of \$25.00 owed to Collection which has been designated as No. Omit. (Note: collection)

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Prior to Conditional Commitment Findings

1. 2001 - Required Documentation: ACCEPT recommendation is contingent on submission of the following to Rural Development: 1) Completed Form RD 3555-21, 'Request for Single Family Housing Loan Guarantee', which includes the 'Worksheet for Documenting Eligible Household and Repayment Income', 2) Completed 'Uniform Residential Appraisal Report' or its equivalent (excluding streamline refinance transactions), 3) Completed FEMA Form 086-0-32, 'Standard Flood Hazard Determination Form', and 4) A copy of the final GUS Underwriting Findings Report. Certain transactions may require additional documentation be submitted (e.g. qualified alien documentation, non- purchasing spouse credit report, etc.).
2. 31063 - FULL DOCUMENTATION REVIEW: This application has been randomly selected for a data integrity review by the Agency prior to issuance of conditional commitment. Lender must provide a fully documented loan file to Rural Development in support of all data entered into the automated application.

private mortgage insurance (PMI). HB-1-3555 Chapter 8.2B defines qualifying credit and liquid non-retirement assets.

9. 60022 - Collection Accounts: Collection accounts are reported on a credit report associated with this application. Lenders must confirm all unpaid collection accounts are considered in the repayment analysis and determine if the applicant(s) is an acceptable credit risk regardless of GUS underwriting recommendation. Cumulative totals of non-medical collections that exceed \$2,000 must meet one of the following: 1) Require payment in full prior to loan closing, 2) Include the payment from an existing or new repayment agreement with the creditor in the total debt ratio, or 3) Include 5% of the outstanding balance in the total debt ratio. Refer to HB-1-3555 Chapter 10 for additional assistance with GUS data entry and credit exception requirements.

9. 60022 - Interested Party Contribution Cap: Seller or other interested party contributions towards closing costs in excess of six percentage points are prohibited in accordance with HB-1-3555 Chapter 6.3 (some exclusions may apply).

10. 60052 - Gift Funds: Gift funds may not be contributed from any source that has an interest in the sale of the property (seller, builder, real estate agent, etc.). A gift letter must evidence the funds do not have to be repaid, evidence of funds from the party providing the gift, and evidence the funds were deposited into the applicant's account (if noted as 'deposited' on the Loan and Property Information page).

11. 60061 - Loan Discount Points: Loan discount points, other than to reduce the effective interest rate, cannot be financed as part of the loan. Discount points must be reasonable and customary for the area and cannot be more than those charged other applicants for comparable transactions. Refer to HB-1-3555 Chapter 6 for additional information related to discount points.

Prior to Conditional Commitment Findings

1. 2001 - Required Documentation: ACCEPT recommendation is contingent on submission of the following to Rural Development: 1) Completed Form RD 3555-21, 'Request for Single Family Housing Loan Guarantee', which includes the 'Worksheet for Documenting Eligible Household and Repayment Income', 2) Completed 'Uniform Residential Appraisal Report' or its equivalent (excluding streamline refinance transactions), 3) Completed FEMA Form 086-0-32, 'Standard Flood Hazard Determination Form', and 4) A copy of the final GUS Underwriting Findings Report. Certain transactions may require additional documentation be submitted (e.g. qualified alien documentation, non- purchasing spouse credit report, etc.).
2. 31063 - FULL DOCUMENTATION REVIEW: This application has been randomly selected for a data integrity review by the Agency prior to issuance of conditional commitment. Lender must provide a fully documented loan file to Rural Development in support of all data entered into the automated application.

GUS Underwriting Findings Report

Refer and Refer with Caution Determination:

- Loan Risk Findings
- Lender's Required Conditions

Loan/Applicant Risk

Loan Risk Finding(s)

There were no loan risk findings issued.

Risk Finding(s) for [REDACTED]

1. 30860 - Low Credit Score: A review of the mortgage loan application reveals the following: [REDACTED] has a credit score of 631. Loan must be manually underwritten by the lender and submitted to RD for review. A credit exception listed in HB-1-3555 Chapter 10 must be recorded by the lender on the underwriting analysis if any instances of significant derogatory credit are present on the credit report. Documentation provided by the applicant to support an approved credit exception must be retained in the lender's permanent casefile (if applicable).

Lender's Required Conditions

Prior to Final Submission Findings

1. 539 - Home Sold: Obtain a final Closing Disclosure or equivalent to evidence the cash sale proceeds realized by the applicant. Ensure net equity (proceeds) from disposition of real property supports the asset amount entered into GUS.
2. 601 - Standard Flood Hazard Determination Form (SFHDF): Obtain FEMA Form 086-0-32 (SFHDF). Submit form to Rural Development when requesting a conditional commitment for loan note guarantee. If an existing dwelling is in a 100-yr. floodplain the lender must ensure flood insurance through FEMA's National Flood Insurance Program (NFIP) is available for the community and flood insurance whether NFIP, 'write your own', or private flood insurance, as approved by the lender, is purchased. Additional requirements for flood insurance are listed in HB-1-3555 Chapter 12.10B, including requirements for new construction properties.
3. 622 - Lender Due Diligence: Lenders must apply due diligence when reviewing the loan file to determine if there is any potentially derogatory or contradictory information that is not part of the data submitted to GUS or if there is any erroneous information in the data submitted to GUS. If the lender is aware of any contradictory, derogatory, or erroneous information, lenders are obligated to take action. For example if the lender is aware of debts, late payments or derogatory information that has not been made available to the data submitted to GUS (not all inclusive) an underwriting recommendation of ACCEPT may be required to be manually downgraded by the lender to REFER on the Credit Underwriting page in GUS. The file must be manually underwritten by the lender.
4. 2002 - Risk Analysis: The request has received a REFER or REFER WITH CAUTION underwriting recommendation. The credit risk represented by either of these recommendations is statistically greater than the credit risk of loans that receive an ACCEPT recommendation. The lender must manually underwrite the loan and determine if the applicant is creditworthy in accordance with program guidelines. Lenders must submit a fully documented loan file to Rural Development as noted in HB-1-3555 Attachment 15-A.
5. 30585 - Omitted Liabilities: One or more liabilities were omitted from repayment consideration in the application. Lender must document the reason the account(s) was omitted in the Notes section of the Assets and Liabilities page in GUS (for each tradeline omitted) and retain documentation surrounding the omission in their permanent case file. Refer to HB-1-3555 Chapter 11 to determine if a liability is eligible to be marked as Omitted. [REDACTED] has liability with an account type of Installment, balance of \$5,993.00, monthly payment of \$0.00 owed to [REDACTED] CREDIT UNION which has been designated as No, Omit. (Note: Paid Off). [REDACTED] has liability with an account type of Installment, balance of \$67,109.00, monthly payment of \$749.00 owed to USDA RUR DEV which has been designated as No, Omit. (Note: Sold).
6. 30680 - Other Credits: Ensure any amount entered as an 'Other Credit' on the Lender Loan Information page is not duplicated in an 'Asset' account on the Assets and Liabilities page.
7. 30900 - Retirement Assets: Retirement funds were included as an asset type on the application. Lender must retain the following documentation for each account(s): 1) Verification through a recent depository or brokerage account statement to evidence the vested balance; 2) 60% or less of the vested balance was entered on the application (to account for withdrawal penalties and taxes); and 3) Funds may be withdrawn absent retirement or job termination. [REDACTED] has an asset with an account type of Retirement and an amount of \$5,534.00.
8. 60000 - Authorized User Accounts: Authorized User (AU) accounts are not the legal responsibility of an authorized user. Lenders are not required to include a monthly payment for an AU account in the total debt ratio but may do so at their discretion. Lenders may include an AU account to validate the credit score for GUS REFER and REFER WITH CAUTION files, as applicable, per HB-1-3555 Chapter 10. AU accounts that are closed or terminated do not require further analysis.
9. 60005 - Disputed Account Non-Derogatory: When an applicant's credit report indicates a tradeline or public record is in dispute, an ACCEPT underwriting recommendation may be required to be downgraded to a REFER. A downgrade is not required if any of the following are met regarding the non-derogatory disputed account: 1) The tradeline has a zero dollar balance, 2) The tradeline states 'paid in full' or 'resolved', 3) The tradeline is 24 months of age or greater, 4) The tradeline is current and paid as agreed, 5) The payment listed on the credit report is included in the monthly debts, 6) A documented payment from the creditor is included in the monthly debts, or 7) Five percent of the stated account balance on the credit report is included in the monthly debts. If none of these options can be met, the lender must downgrade the loan file to a REFER and include monthly debt payments for the disputed items per HB-1-3555 Chapter 10.
10. 60011 - Conventional Credit Test: The lender must certify the applicant(s) does not qualify for a conventional credit loan. The conventional credit test for RD purposes includes all of the following: 1) The applicant(s) has available non-retirement liquid assets of at least 20% of the purchase price for downpayment, 2) In addition to the downpayment, applicant(s) can pay all closing costs from available non-retirement liquid assets, 3) After applying the downpayment and closing costs the applicant(s) would not exceed a 28% PITI ratio and 36% TD

<https://www.rd.usda.gov/resources/usda-linc-training-resource-library/loan-origination>

Loan Origination

LINC Training Library

Guaranteed Underwriting System (GUS)

Lender Approval

Lender Training

Loan Closing

Loan Origination

Loan Servicing

GUS Lender Test Environment

HOME > RESOURCES > USDA LINC TRAINING & RESOURCE LIBRARY > LOAN ORIGINATION

New**

- [COVID-19 FAQs](#)
- [Capital Financial Requirements for Non-Regulated Lenders](#)

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)
9. [Income Matrix](#) (PDF)
10. [Refinance Matrix](#) (PDF)
11. [Sample Worksheet for Calculating Maximum Loan](#) (PDF)



Rural Development
U.S. DEPARTMENT OF AGRICULTURE

Together, America Prospers

Manual File Submission Process

To be used for loan types not supported by GUS

The following guidance provides a process for [manual file submissions](#) that will assist Rural Development in expediting loan application requests, while also protecting applicants' personal information.

Manual file submissions take a significant amount of Agency time to process. As a result, we feel it is important to collaborate with lenders to ensure applications are reviewed, and Conditional Commitments issued, as quickly as possible. While we encourage lenders to submit files via the Guaranteed Underwriting System (GUS), manual file submissions are necessary for loan types not supported in GUS, such as the Streamlined Assist Refinance product and certain Pilot programs.

What Do I Need to Do?

To expedite manual file submissions, please follow the 2-step instructions below to upload documents directly into GUS, even though the file will not be a final submission in GUS.

STEP 1: Required GUS Entries

In GUS, the lender will enter, at a minimum, the following items:

- a. "Eligibility" Page - Enter the following data points:
 - o Subject Property Address (Street)
 - o Subject Property Address (City)
 - o Subject Property Address (State)
 - o Subject Property Address (County)
 - o Subject Property Address (MSA)
 - o Subject Property Address (Zip Code)
 - o Household Income
- b. "Borrower" Page - Enter the following data points for at least one applicant:
 - o Borrower First Name
 - o Borrower Last Name
 - o Borrower Social Security Number
- c. "Application Documents" Page - Upload all required documents as indicated on Attachment 15-A: <https://www.rd.usda.gov/sites/default/files/rd-sfh-attachment15schecklist.pdf>
 - o Additional guidance on uploading documents is found in the GUS user guide, located in the USDA Linc Training & Resource Library <https://www.rd.usda.gov/resources/usda-linc-training-resource-library>
- d. Lenders should not order or reissue credit reports in GUS or run SAVE for manual file submissions using this process.

Manual File Submissions

1



Input data into
GUS

2



Upload
documents to
GUS

3




Email
Production
Team

<u>Production Teams</u>	<u>States</u>
<u>Production Team One</u> 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



- GUS “Accept”
 - Purchase
 - Non-Streamlined Refinance
 - Streamlined Refinance

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. Electronic delivery to Rural Development is the preferred method. 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.

<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 086-0-32, Standard Flood 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"/>	Evidence of qualified alien: If applicant(s) is not a U.S. Citizen For Non-Streamlined and Streamlined Refinance transactions evidence is required when adding a new borrower who is not a U.S. Citizen.
<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)



- GUS “Refer” and “Refer with Caution”
- GUS “Accept” with “Full Documentation” Message
- Loans Underwritten Without the Assistance of the GUS
- Manufactured Housing Pilot Loans

Loan Origination Checklist Manual Underwriting, GUS Refer/Refer with Caution Underwriting Recommendation, or GUS Accept with Full Documentation Message on GUS Underwriting Findings and Analysis Report	
<i>When submitting documents in GUS, the appraisal report must be uploaded separately.</i>	
<input type="checkbox"/>	Form RD 3555-21, Request for Single Family Housing Loan Guarantee Include all pages from current published version Executed by applicant(s) and lender
<input type="checkbox"/>	Underwriting Analysis: FNMA 1008/FHLMC 1077, or similar form Executed by the approved lender's underwriter Documentation of annual and repayment income calculations Credit waiver explanations, debt ratio waiver compensating factors, and overall loan file comments may be documented on this form
<input type="checkbox"/>	Uniform Residential Loan Application: FNMA 1003/FHLMC 65 Not required to be signed by applicant(s) or lender Loan amount is not required to match the loan request in GUS or on Form RD 3555-21
<input type="checkbox"/>	Income Verification Documentation: Applicable methods Streamlined: Non self-employed: Written/Electronic VOE + 1 earning statement with YTD figures Full Documentation: Non self-employed: 2 years W-2s + 4 weeks of earning statements with YTD figures Self-Employed: 2 years personal and business filed income tax returns or IRS transcripts with all schedules + YTD profit and loss statement Additional Income Types: SSI, VA Benefits, Pension, Retirement, etc. Refer to Chapter 9 for acceptable verification documents
<input type="checkbox"/>	Asset Documentation: Documentation for all applicable household members per 3555.152(d) VOD's, bank or investment statements, gift letters, etc. Refer to Chapter 9 for acceptable verification documents.
<input type="checkbox"/>	Credit Report: (as applicable) Credit Report: For loans submitted outside of GUS. GUS loans will have the credit report uploaded. Non-Traditional credit tradelines, as applicable Credit supplements, if utilized to support data adjusted from credit report
<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"/>	Verification of Rent: NOT APPLICABLE FOR GUS ACCEPT FULL DOCUMENTATION May be applicable for manually underwritten loans with credit scores less than 680
<input type="checkbox"/>	Mortgage Payoff Statement: If refinance transaction
<input type="checkbox"/>	FEMA Form 086-0-32, Standard Flood Determination Form: New construction properties located in 100 year flood plains require additional documentation, including confirmation base flood elevation (BFE) is below lowest habitable floor
<input type="checkbox"/>	Evidence of qualified alien: If applicant(s) is not a U.S. Citizen For Non-Streamlined and Streamlined Refinance transactions evidence is required when adding a new borrower who is not a U.S. Citizen.
<input type="checkbox"/>	Uniform Residential Appraisal Report (URAR) NOT APPLICABLE TO MOST STREAMLINED OR STREAMLINED-ASSIST REFINANCES FNMA 1004/FHLMC 70 or applicable report as determined by appraiser



Page 3

- Streamlined-Assist Refinance
 - Enter application into GUS
 - Upload documents into GUS
 - Email Production Team notifying them application is ready

Loan Origination Checklist Streamlined Assist Refinance Manual Underwrite Review	
<input type="checkbox"/>	Form RD 3555-21, Request for Single Family Housing Loan Guarantee Include all pages from current published version Executed by applicant(s) and lender
<input type="checkbox"/>	Underwriting Analysis: FNMA 1008/FHLMC 1077, or similar form Executed by the approved lender's underwriter Documentation of annual and repayment income calculations
<input type="checkbox"/>	Uniform Residential Loan Application: FNMA 1003/FHLMC 65 Not required to be signed by applicant(s) or lender Loan amount is not required to match the loan amount on Form RD 3555-21
<input type="checkbox"/>	Income Verification Documentation: Required for Annual Income Calculations Streamlined Documentation: Non self-employed: Written/Electronic VOE + 1 earning statement with YTD figures Full Documentation: Non self-employed: 2 years W-2's + 4 weeks of earning statements with YTD figures Self-Employed: 2 years personal and business filed income tax returns or IRS transcripts with all schedules + YTD profit and loss statement Additional Income Types: SSI, VA Benefits, Pension, Retirement, etc. Refer to Chapter 9 for acceptable verification documents
<input type="checkbox"/>	Asset Documentation: Annual Income Calculations Documentation for all applicable household members per 3555.152(d) VOD's, bank or investment statements, gift letters, etc. Refer to Chapter 9 for acceptable verification documents.
<input type="checkbox"/>	Mortgage Payment History for previous 12 month period Credit Report or Verification of Mortgage
<input type="checkbox"/>	Mortgage Payoff Statement
<input type="checkbox"/>	Evidence of qualified alien status is required when adding a new borrower who is not a U.S. Citizen.
<input type="checkbox"/>	Uniform Residential Appraisal Report (URAR) Only applicable to current Direct Loan borrowers for the purpose of calculating subsidy recapture.

One Quick Note on *Income Documentation*



Do we have to document Household Income still?

Q:
Since USDA's Form 3555-21 no longer has space for income calculations, that means we no longer have to document this, correct?

A:
Incorrect. Lenders must still document Household Income on either Attachment 9-B, 1008/1077, or the equivalent & retain in your permanent case file.

SECTION 1: ELIGIBILITY INCOME

9.2 OVERVIEW

The SFHGLP assists very-low, low, and moderate-income households. Therefore, the lender must certify that any household that requests a loan guarantee does not exceed the adjusted annual income threshold for the applicable state and county where the dwelling is located. The Agency provides income eligibility information in Appendix 5 of this Handbook to lenders and updates the limits as they are revised.

This section assists lenders to analyze income types, complete income calculations (annual, adjusted, and repayment), and document the income with acceptable verifications. Documentation of income calculations should be provided on Attachment 9-B, or the Uniform Transmittal Summary, (*FNMA FORM 1008/FREDDIE MAC FORM 1077*), or equivalent. Attachment 9-C provides a case study to illustrate how to properly complete the income worksheet. A public website is available to assist in the calculation of annual and adjusted annual income at: <http://eligibility.sc.egov.usda.gov/eligibility/>.

9.3 ANNUAL INCOME [7 CFR 3555.152(B)]

Annual income will include all eligible income sources from all adult household members, not just parties to the loan note. The annual income for the household will be used to calculate the adjusted annual household income. The adjusted annual income

Scenarios



SCENARIOS

Credit Analysis

Let's now look at some scenarios that you may run into.





SCENARIO 1 – Underwriter must approve GUS Accept?

Credit Analysis

You're the underwriter. And the file currently being reviewed receives a GUS "Accept" recommendation. But you notice some risks and weaknesses in the file that really give you heartburn.

Do you HAVE to approve the loan just because it got an Accept recommendation?



ANSWER 1 - Underwriter must approve GUS Accept?

Credit Analysis

NO – You don't.

- GUS does not issue loan approvals.
- GUS only makes recommendations to Underwriters based on the data entered
- Lenders are responsible for all final loan decisions
- A GUS “Accept” underwriting recommendation does not indicate loan approval
- *3555.107(b)(3), HB 5.3*



SCENARIO 2 – Validate Credit Score

Credit Analysis

You have a file that gets a GUS “Refer” underwriting recommendation. The following apply to the file:

- Auto Loan with 24 months reviewed (account closed 12 months ago)
- Visa: 13 months reviewed (account closed 24 months ago)
- MasterCard: 16 months reviewed (open)
- No rent verification
- Credit score = 650

Do you have to obtain Non-Traditional tradelines because 2 of the 3 above are closed accounts?

ANSWER 2 – Validate Credit Score

Credit Analysis

No – You don't.

- Since there is no rental history to verify, at least 2 tradelines must be obtained. Check!
 - All of them have at least a 12 month history. Check!
 - Bottom line: the accounts used may be open, closed, and/or paid in full.
-
- *3555.151(i)(3), HB Attachment 10-A: Credit Scores and Validation*



SCENARIO 3 – Non-Traditional Credit

Credit Analysis

You have a Non-traditional credit borrower.

- The only VOR: 12 months duration, lease ended 8 months ago. Living with family now.
- Electric Bill: 18 month history
- Cable Max Bill: 16 month history

Have USDA's Non-traditional credit requirements been met?



ANSWER 3 – Non-Traditional Credit

Credit Analysis

No. They have not been met.

- VOR was closed more than 6 months at time of loan application
- Three non-traditional tradelines required, applicant needs one more (assuming electric bill and cable continue to be eligible)

3555.151(i)(6), HB Attachment 10-A: Non-Traditional Credit



SCENARIO 4 - Judgment

Credit Analysis

You are the Loan Officer with a file that has a non-federal judgment of \$1,850. There is a documented repayment agreement of \$100/month with 5 months of repayment verified and documented.

May the underwriter approve the loan without requiring this debt to be paid in full & still meet USDA guidelines?



ANSWER 4 - Judgment

Credit Analysis

Yes. This would be acceptable.

- It is Non-federal judgment
- It has a repayment plan in place
- The minimum of 3 months payments met (5 made prior to date of loan application)

NOTE: Caution should be used when dealing with Judgments due to the possibility of them becoming Prior/First Liens. The lender is still responsible for perfecting and maintaining a first lien position. Also, confirm that the Declarations in GUS and on the application reflect the presence of a judgment.

3555.151(i)(4), HB Attachment 10-A: Non-Federal Judgment



SCENARIO 5 – Undisclosed Debt Found

Credit Analysis

The Underwriter is wrapping up a file that received a GUS “Accept” underwriting recommendation.

- Middle Credit Score = 700
- An undisclosed debt has been found of \$200/month that was not previously reported by the Applicant.
- Conditional Commitment not yet issued

Does the Underwriter have to downgrade the file to a “Refer” because of the new debt?

ANSWER 5 – Undisclosed Debt Found

Credit Analysis

No. They do not have to downgrade the file.

- Lender must manually enter the debt on the Asset and Liabilities page
- No automatic downgrade is required
- GUS must be re-run to consider the new debt payment, which may change the underwriting recommendation.
- *3555.151(i)(2), HB Attachment 10-A:
Credit Inquiries/Recent Debts/Undisclosed Debts*



SCENARIO 6 – Short Sale after Divorce

Credit Analysis

The Applicant's divorce was final 10/2018. And:

- Applicant's ex-spouse was awarded home, no refinance complete, late payments began 12/2019
- Short Sale completed 6/2020
- Applicant is now applying for a guaranteed loan

Is the Short Sale adverse credit for the Applicant?



ANSWER 6 – Short Sale after Divorce

Credit Analysis

No. It is not adverse credit.

- Because the Mortgage was current at the time of divorce
 - Documentation must be retained for support
 - No credit exception is required
 - Even though technically the Applicant was not release from liability by the creditor, this is acceptable in this type of situation.
- *3555.151(i), HB Attachment 10-A: Short Sale*



SCENARIO 7 – Credit Exception

Credit Analysis

Your next file receives a GUS “Refer” underwriting recommendation. And:

- Chapter 7 bankruptcy discharged 30 months ago
- Applicant filed due to loss of job and major medical issues
- Current job time: 2 years, 4 months
- Rent: \$1,100 for 2 years New PITI: \$1,150
- Ratios are low: 17/30 w/Reserves: 2 months

Could the Underwriter justify meeting USDA guidelines if they granted a credit waiver to the bankruptcy?



ANSWER 7 – Credit Exception

Credit Analysis

YES. A credit waiver could be warranted in this case.

- BK is less than 36 months discharged, but there are mitigating circumstances that meet HB requirements. A loss of job and medical issues are certainly cited as temporary in nature and beyond the control of the applicant.
- There are also compensating factors to support the probable repayment of the mortgage, such as good current job time, reserves, new PITI is similar to current rent, etc.
- Credit waiver would meet HB Attachment 10-A: Credit Exceptions
- *3555.151(i)(3) and (4), HB Attachment 10-A: Credit Exceptions*



Policy Updates



Policy Updates – June 2022



- Mandatory use of GUS (except for loan types not supported by GUS)
- Homeowner Assistance Fund – FAQ's
 - Questions regarding the HAF program can be directed to USDA at guarantee.svc@usda.gov or **(866) 550-5887**.
- Eligibility updates for non-US citizens
 - Began May 2nd: For a 12-month period, non-U.S. citizens with valid SSN and work authorization (ex: Form I-766-Employment Authorization Document) are temporarily eligible for assistance. When needed, there is a “Non U.S. Citizen Waiver Processing Guide” on the LINC Library under the “Loan Origination” tab.

Lender Resources



7 CFR Part 3555



Bookmark It!



Use Ctrl-F to find
answers quickly!



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

PART 3555—GUARANTEED RURAL HOUSING PROGRAM

Contents

Subpart A—General

- §3555.1 Applicability.
- §3555.2 Purpose.
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- §3555.5 Environmental requirements.
- §3555.6 State and local law.
- §3555.7 Exception authority.
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- §3555.9 Enforcement.
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- §§3555.11-3555.49 [Reserved]
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HB-1-3555 SFH Guaranteed Loan Program Handbook

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PUBLICATIONS FOR

COOPERATIVES

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HB-1-3555 SFH GUARANTEED LOAN PROGRAM TECHNICAL HANDBOOK

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

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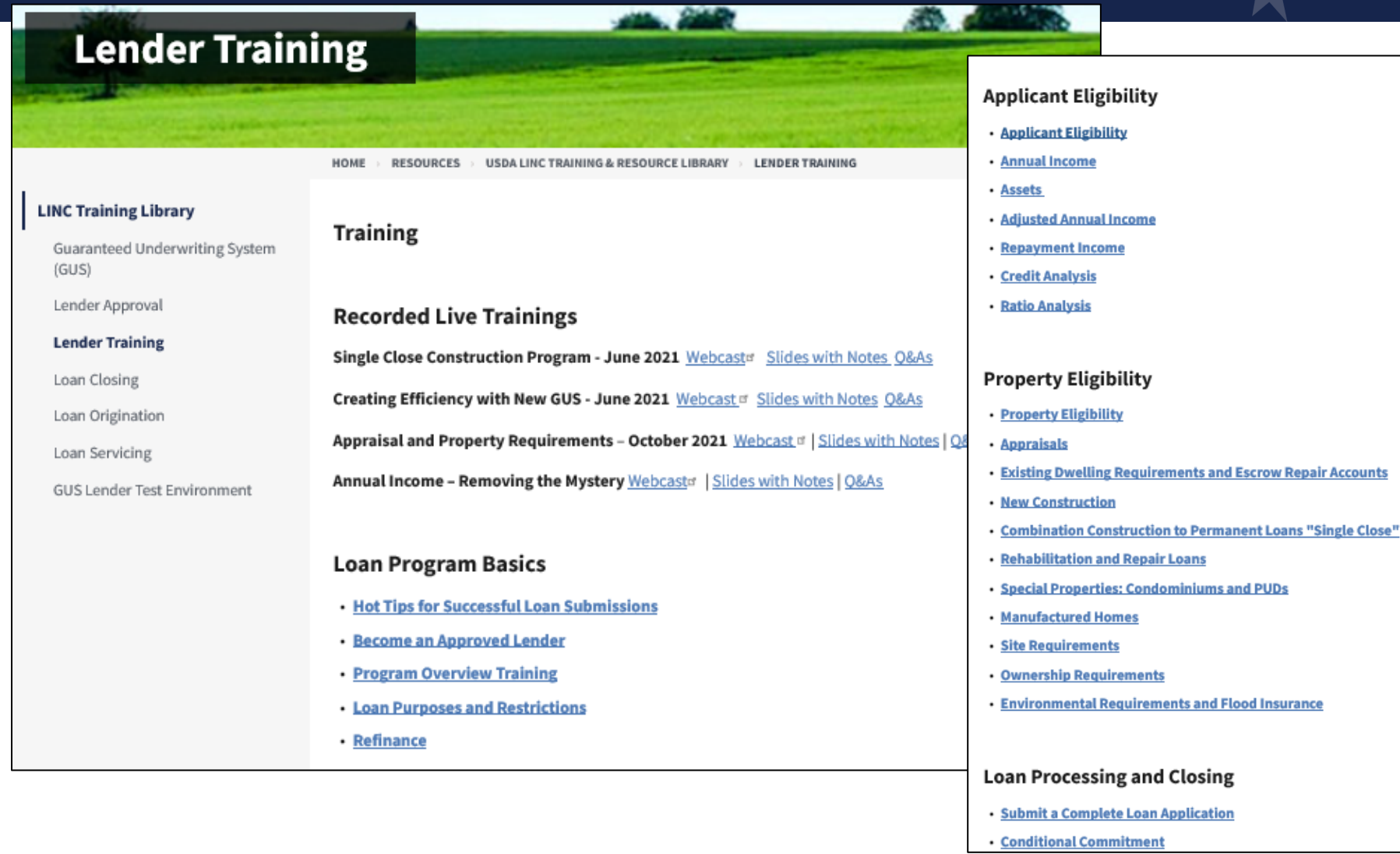
<https://www.rd.usda.gov/resources/directives/handbooks>

Online Training Modules

LINC Training and Resources

www.rd.usda.gov/page/usda-linc-training-resource-library

- Lender Training modules are available online for a variety of program topics
- Training includes audio webcast and training slides that can be downloaded



Lender Training

HOME › RESOURCES › USDA LINC TRAINING & RESOURCE LIBRARY › LENDER TRAINING

LINC Training Library

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- GUS Lender Test Environment

Training

Recorded Live Trainings

- Single Close Construction Program - June 2021 [Webcast](#) | [Slides with Notes](#) | [Q&As](#)
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- Appraisal and Property Requirements – October 2021 [Webcast](#) | [Slides with Notes](#) | [Q&As](#)
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GovDelivery Updates

www.rd.usda.gov/page/usda-linc-training-resource-library

**Stay up to date with
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Updates**

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GovDelivery Updates

An archive of previously released GovDelivery program updates.

- [USDA Applications Upgraded to Support the Use of Modern Browsers!](#)
08/14/2020 04:00 PM EDT
- [USDA Applications Upgraded to Support the Use of Modern Browsers!](#)
08/14/2020 04:00 PM EDT
- [STAKEHOLDER ANNOUNCEMENT: Green Named Acting Administrator of USDA Rural Housing Service](#)
07/29/2020 08:43 AM EDT
- [ADVANCE COPY NOTICE: HB-1-3555 Chapter 15 Submitting the Application Package](#)
07/09/2020 04:20 PM EDT
- [Tips for Lenders Using USDA's Single Family Housing Guaranteed Loan Program During Peak Homebuying Season](#)
07/07/2020 04:30 PM EDT

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

Specific Loan Application Inquiries:

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

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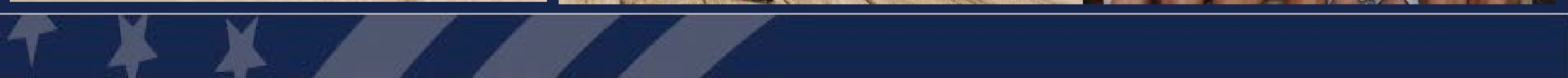
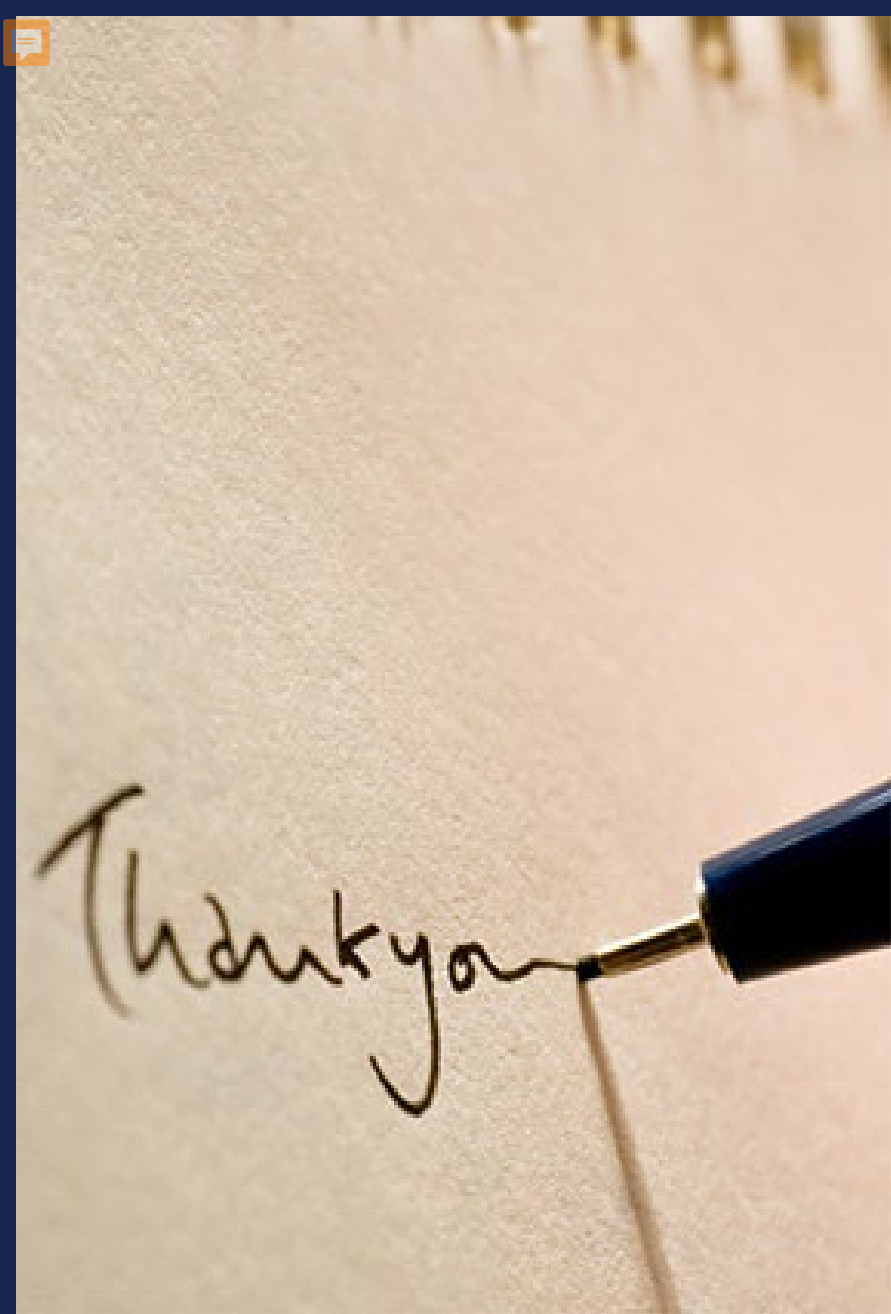
Loan Servicing: [sfhgldpservicing@usda.gov](mailto:sfhglpservicing@usda.gov)

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

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

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





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