

PROCEDURE NOTICE

RD MANUAL CHANGES

**INSERT RD INS 440.1
(WSAL)**

**INTEREST RATES, AMORTIZATION,
GUARANTEE FEE, ANNUAL CHARGE, AND
FIXED PERIOD.** This Instruction is
partially revised as follows:

Exhibit B, to update various program rates and the Treasury Judgement Rate,
effective March 1, 2020.

REMOVE

Exhibit B: Pages 1 & 2 (Rev 3).

INSERT

Exhibit B: Pages 1 & 2 (Rev 4).

RD HANDBOOK CHANGES

**INSERT RD HB-1-3550
(WSAL)**

**DIRECT SINGLE FAMILY HOUSING LOANS AND
GRANTS FIELD OFFICE HANDBOOK.** This
Handbook is partially revised.
The specific revisions are outlined below:

Chapter 5:

**Throughout, to renumber pages following reformatting/edits and to remove the
handbook symbols. Eventually, the symbols will be removed throughout the
handbook.**

Paragraph 5.1 (B), to remove the helpful hint box and include the guidance in the
paragraph.

Paragraph 5.1 (B)(1), to reflect the appraisal process under the nationwide
contract with the Appraisal Management Companies (AMCs).

Paragraph 5.3 (A), (B)(1), and (B)(2), to reflect the 2018 Farm Bill and the
amended Section 520 of the Housing Act of 1949 by updating the dates related to
rural areas (e.g. refer to December 31, 2020 and to receipt of data from the 2030
decennial census).

(CON.)

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Chapter 5:

Paragraph 5.8 (B), to reflect the acceptance of flood insurance under the National Flood Insurance Program's "write your own" program where the policy is through private insurance.

Paragraph 5.14, to provide the timeline for appraisals under the nationwide contract with the AMCs.

Paragraph 5.15, to provide the types of values for appraisals under the nationwide contract with the AMCs.

Paragraph 5.17 (B), to state that a list of repairs will be provided to the appraiser for the purpose of obtaining a subject to repairs/alterations value provided those repairs/alterations typically add value and are not routine maintenance items.

Paragraph 5.17 (C), to reflect the required information under the nationwide contract with the AMCs.

Paragraphs 5.18 and 5.19, to remove "Selecting An Appraisal" and "Working With The Appraiser" since the guidance is no longer applicable to the Field Staff under the nationwide contract with the AMCs; and to reassign paragraph numbering going forward.

Paragraph 5.19, to state that the original AMC can make corrections or a new appraisal can be requested if an appraisal is found to be unacceptable by any review (other than a post review).

Paragraph 5.19 (A), to outline the process that Field Staff must follow when the appraisal is or is not acceptable.

Paragraph 5.19 (B), to state that the Regional Appraisal Staff must determine if concerns merit a technical review before the vendor's invoice can be paid or the loan closed.

Attachments 5-D and 5-E, to update the email addresses for Single Family Housing Guarantee and Direct (i.e. remove "wdc.").

Chapter 6:

Throughout, to remove the handbook symbols. Eventually, the symbols will be removed throughout the handbook.

Paragraph 6.11 D., to clarify language regarding the subsidy agreement review period to correspond with the language in Handbook-2-3550.

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Chapter 6:

Attachment 6-B, to update the SFHDIRECTPROGRAM email address (removed "wdc"), to refer to Handbook Letter 15 in the Rejected Applications questions, to remove the reliability of the applicant's credit score in the Creditworthiness questions to conform with the changes made with the [SPECIAL PN dated July 22, 2019](#), and to make minor formatting changes.

Chapter 8:

Throughout, to remove the handbook symbols.

Paragraph 8.2, to remove the helpful hint box referencing the Data Check Query. As communicated to RD staff during the September 2019 Single Family Housing teleconference, "Direct-US, our semi-automated underwriting system designed to assist Loan Approval Officials, provides a more comprehensive data quality check than our current process using the "502 Direct Data Check Query". Therefore, with the full implementation of Direct-US, utilizing its scorecard system and business rules engine, we will discontinue the use of the 502 Direct Data Check Query."

Paragraph 8.2 (B) to remove the reference to the Obligations Subject to Appraisal report. This report is no longer being generated following the removal of the 30-day timeframe made with [PN 516 dated September 18, 2018](#) and with the nationwide contract with the Appraisal Management Companies for loan making appraisals.

Paragraph 8.6 (C), to add clarification when oral verifications are needed mirroring Paragraph 3.15 (A) (3).

Paragraph 8.8 (B) to add language to provide clarity on the construction loan conversion process.

Attachment 8-A, to clarify when a Notice of Right to Cancel is needed.

Chapter 10:

Throughout, to remove the handbook symbols.

Paragraph 10.3 (D), to revise the language pertaining to grossing up Mortgage Credit Certificates to match guidance in Paragraph 4.4 (H).

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Chapter 10:

Paragraph 10.3 (F), to state that a lender's documents can be used when they have a stake in the transaction.

Paragraph 10.9 (F) (1), to remove the requirement that the Agency participate in the final inspection.

Attachment 10-A, to clarify that the borrower's consent of the work completed should be received prior to making a draw payment and to remove the requirement that the Agency make the final inspection.

REMOVE

Chapter 5 dated 01-23-03:
Pages 5-1 thru 5-6,
5-13 thru 5-45,
Attachments 5-D and 5-E;
Chapter 6 dated 01-23-03:
Pages 6-19 & 6-20,
Attachment 6-B;
Chapter 8 dated 01-23-03:
Pages 8-1 & 8-2, 8-9 & 8-10 and
8-15 & 8-16,
Attachment 8-A;
Chapter 10 dated 01-23-03:
Pages 10-3 thru 10-6 and
10-13 & 10-14,
Attachment 10-A.

INSERT

Chapter 5 dated 01-23-03:
Pages 5-1 thru 5-6,
5-13 thru 5-42,
Attachments 5-D and 5-E revised;
Chapter 6 dated 01-23-03:
Pages 6-19 & 6-20,
Attachment 6-B revised;
Chapter 8 dated 01-23-03:
Pages 8-1 & 8-2, 8-9 & 8-10 and
8-15 & 8-16 revised,
Attachment 8-A revised;
Chapter 10 dated 01-23-03:
Pages 10-3 thru 10-6 and
10-13 & 10-14 revised,
Attachment 10-A revised 03-19-20.

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SFH GUARANTEED LOAN PROGRAM TECHNICAL HANDBOOK. This Handbook is partially revised as follows:

Chapter 1:

General Program Requirements, to replace field office and State Director references with the appropriate division as a result of the SFHGLP reorganization and add training requirements for new SFHGLP specialists.

Paragraph 1.2 C - clarified the new centralization process, replaced CSC with NFAOC and updated the terminology, removed field office from the list.

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Chapter 1:

Paragraph 1.3 - condensed last paragraph and inserted SFHGLD email box.

Paragraph 1.5; rephrased last paragraph for clarity.

Paragraph 1.6 B - revisions made for clarity and flow.

Paragraph 1.7 - removed redundant language.

Paragraph 1.8 - revised paragraph, additional guidance for processing applications for American Indian Tribes is provided in Chapter 16.

Paragraph 1.9 A - Field office was replaced with Agency.

Paragraph 1.9 C - titles of Agency directors were changed to reflect the new organizational structure for exception authority.

Paragraph 1.10 B - guidance was provided to lenders and Agency employees on disclosing known relationships or associations. Reference to Instruction 1900-D was removed.

Paragraph 1.11 - removed reference to interest rate in the first paragraph, provided clarification on the process for reporting unauthorized assistance, and Agency resolution process.

Paragraph 1.12 - added new section to provide guidance on SFH University training and loan approval process for new specialists.

New Attachment 1-A, "Notice of Relationship/Association between SFHGLP Applicant and Rural Development Employee;

New Attachment 1-B, "Requirements for Handling SFHGLP Application of Employee, Relative or Associate;

New Attachment 1-C, "Delegation of Loan Approval Authority;"

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Chapter 10:

Credit Analysis to clarify credit qualifications, adverse credit, and Federal debts. A matrix was added to assist USDA employees and lending/real estate partners to efficiently locate credit analysis guidance.

Paragraph 10.2:

Added specific language to confirm delinquent non-tax Federal debt and delinquent court ordered child support will render an applicant ineligible.

Clarified the CAIVRS response must be an "A" for an applicant to be eligible.

Paragraph 10.3:

Streamlined guidance for acceptable credit reports and removed the need to order an RMCR for certain circumstances.

Added guidance to clarify lenders may follow credit repository guidelines, lending laws, etc. to determine if joint applicants must have separate credit reports.

Added guidance to confirm USDA does not require unmarried applicants to be on the same credit report, loan application, Form RD 3555-21, etc.

Added guidance to confirm all credit repository information is available and no bureaus are frozen.

Paragraphs 10.5 - 10.16: Eliminated

These sections have been relocated to the appropriate topic in the new Attachment 10-A "Credit Matrix".

Attachment 10-A (current version): Credit Underwriting: Eliminated

A new Attachment 10-A "Credit Matrix" replaces the current attachment.

Attachment 10-B: The Credit Review: Eliminated

The guidance in Attachment 10-B has been relocated to the appropriate topic in the new Attachment 10-A "Credit Matrix".

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Attachment 10-A (new revision): Credit Matrix

Clarified CAIVRS guidance to confirm the only eligible response for a guaranteed loan is "A".

Added guidance to outline the steps and documentation required from lenders to submit evidence of an "A" CAIVRS response when GUS may reflect an alternate determination at the time of the initial loan application.

Added a reminder that CAIVRS is not the only source to report delinquent Federal debts. Lenders must investigate the credit report, public records, etc. to assist them to fully underwrite and certify the loan is free of Federal debts.

Removed the requirement for a GUS Accept loan file to meet credit validation requirements.

Confirmed credit score validation is required for GUS Refer, Refer with Caution, and manually underwritten loans.

Clarified authorized user accounts may be used to validate a credit score, while public records, disputed tradelines, and self-reported accounts are not.

Clarified that GUS Refer, Refer with Caution, and manually underwritten loans are not eligible for debt ratio waivers when credit validation is not met or non-traditional credit is utilized.

Provided flexibility on debts not reflected on the credit report, but when included in the total debt ratio, a downgrade of a GUS Accept loan file is not required.

Provided clarification for credit exception requests and required lender documentation submitted for GUS Refer, Refer with Caution, and manually underwritten loan files.

Provided flexibility for approved lenders to retain issued Conditional Commitments when existing/new debt monthly payments, real estate taxes, homeowners insurance, etc. will increase \$50 or less.

Added guidance for Chapter 12 and 13 bankruptcies.

Clarified guidance for collection accounts that are non-medical with a total balance(s) that exceed \$2,000. Specific guidance to enter collections accurately into GUS is included.

Added guidance for delinquent court ordered child support.

Clarified guidance for delinquent Federal non-tax debts.

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Attachment 10-A (new revision): Credit Matrix

Clarified delinquent federal tax debts owed through repayment plans, approved extension requests, and an applicant's failure to file taxes for program eligibility and lender documentation.

Clarified guidance for disputed derogatory and non-derogatory accounts.

Added guidance for garnishments.

Added guidance for repossessions.

Added guidance for the loss of a timeshare.

Clarified required applicant and lender documentation for a previous USDA loss. Confirmed USDA is responsible to review the submitted documentation and determine if the applicant is eligible for a new guarantee.

Revised the number of late rent payments from one to three paid 30 days or more past due in the previous 12 months as an indicator of unacceptable credit.

REMOVE

Table of Contents dated 03-09-16:

Pages 1 & 2 and 5 & 6;

Chapter 1 dated 03-09-16:

Pages 1-1 thru 1-24,

Attachments 1-A and 1-B;

Chapter 10 dated 03-09-16:

Pages 10-1 thru 10-24,

Attachment 10-A.

INSERT

Table of Contents dated 03-09-16:

Pages 1 & 2 and 5 & 6 revised;

Chapter 1 dated 03-09-16:

Pages 1-1 thru 1-12,

Attachments 1-A and 1-B revised,

Attachment 1-C added;

Chapter 10 dated 03-09-16:

Pages 10-1 & 10-2,

Attachment 10-A revised 03-19-20.

FORM

REPLACEMENT

**RD 3560-22
(WSAL)**

OFFER TO CONVEY SECURITY revised 03-20.
Prescribed in RD Handbook HB-3-3560. The
Form and FMI are revised to include

additional language assigning contract claims back to the government in paragraph "I" and "IV(4)." This Form and FMI are available on the Rural Development Instructions home page (<https://www.rd.usda.gov/publications/regulations-guidelines>.) No paper copy distribution of this form will be made, and it will not be stocked in the warehouse.

REMOVE
FMI dated 02-24-05.

INSERT
FMI revised 03-19-20.

NO SPECIAL PROCEDURE NOTICE RELEASED.

NO ADMINISTRATIVE NOTICES RELEASED.

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