

PROCEDURE NOTICE

RD HANDBOOK CHANGES

INSERT RD HB-1-3555
(WSAL)

SFH GUARANTEED LOAN PROGRAM TECHNICAL HANDBOOK. This Handbook is partially revised. Specific revisions include:

The following updates were made to HB-1-3555, Chapter 11 to make minor grammatical and formatting changes, correct discrepancies, and provide clarification for easier understanding of guidance.

Paragraph 11.2 B - The Total Debt Ratio:

Added **"not."** The lender must document an applicant(s)'s debts through various records including, but not limited to, credit reports, direct or third-party verifications, court documents, and verification of deposits.

Removed **"note."** All open debts/accounts (including non-medical collection accounts and judgments) incurred through the closing date must be considered in the total debt calculation and documented in GUS as well as the loan application, as applicable.

Added **"Amounts listed on the credit report will be used unless verification, retained in the lenders permanent loan file, supports and alternate payment amount."**

Student Loans:

Inserted phrase at the beginning "For outstanding Student Loans, regardless of the payment status..."

Removed bullets one and two under "Lenders must include the required payment as applicable for Fixed payment Loans and Non-Fixed payment loans."

Sub-bullet added "The payment amount reported on the credit report or the actual documented." **"One half (.5) percent of the outstanding loan balance documented on the credit report or creditor verification, when the payment amount is zero."**

Automobile Expenses:

Removed "Automobile" from the title.

Added "(including Automobile Allowances)" in the title.

Added to first bullet "other expense."

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INSERT RD HB-1-3555 (Cont)

Changed second bullet to "The full amount of the monthly debt associated with the expense (such as a car or equipment payment) must be included in the total debt ratio calculation.

Changed third bullet to "For guidance on calculating income allowances, refer to Chapter 9."

Paragraph 11.3 - Debt Ratio Waivers and Compensating Factors:

A. Purchase Transactions: Debt ratio waivers

GUS Refer, Refer with Caution, and manually underwritten loans without GUS assistance:

Third bullet revised to add " Supporting documentation is provided to the Agency and maintained in the lender's permanent file."

Removed sub-bullet referencing payment shock as a compensating factor.

B. Refinance Transactions: Debt Ratio Waivers

GUS Refer, Refer with Caution, and manually underwritten loans without GUS assistance:

Removed sub-bullet referencing payment shock as a compensating factor.

Paragraph 11.7 - Obligations not included in Debit-To-Income Ratios:

Added second bullet "Medical Payments."

Added last paragraph "Obligations listed above on the credit report should not be deleted. These should remain on the application and in GUS. In GUS the "omit" button should be selected along with an explanation entered in the corresponding field.

REMOVE

Table of Contents:
Pages 3 & 4;
Chapter 11 dated 03-09-16:
Pages 11-1 thru 11-12.

INSERT

Table of Contents:
Pages 3 & 4 revised;
Chapter 11 dated 03-09-16:
Pages 11-1 thru 1-11 revised 10-05-22.

NO SPECIAL PROCEDURE NOTICE RELEASED.