

PROCEDURE NOTICE

RD HANDBOOK CHANGES
INSERT RD HB-1-3555
(WSAL)

SINGLE FAMILY HOUSING GUARANTEED LOANS
PROGRAM TECHNICAL HANDBOOK. This Handbook
is partially revised. The specific
revisions are outlined below:

On April 11, 2024, the Administrator signed a 2-year exception to permit a PITI ratio for all applications up to 34% (from the current 29% requirement). These revisions are required to implement the Administrator’s exception regarding the PITI ratio, align published guidance pertaining to compensating factors, and make minor grammatical and formatting edits.

The revisions provide the Agency with guidance that improves program delivery within the SFHGLP and reflects current processes necessary to meet program ratio requirements.

Chapter 11:

Paragraph 11.2 - The Ratios

- Updated the PITI ratio guidelines to reflect 34%.
- Updated Section B (7) to insert language addressing co-signed student loans when factoring monthly debts into ratio calculations.
- Updated Section B (12) to indicate the expectation of a business paying debts from an applicant’s personal credit report should also be verifiable within the businesses’ cash flow analysis and/or profit and loss statements.

Paragraph 11.3 Debt Ratio Waivers and Compensating Factors

- Updated to clarify no waivers are permitted to increase the PITI ratio above 34% for purchase transactions.
- Under paragraph (A), clarified the maximum PITI ratio for purchase transactions is 34%.
- Updated the list of compensating factors to include payment shock and energy efficiency.
- Clarified that the 680-score provision must be a validated credit score to be eligible for a debt ratio waiver.
- Removed the requirement for the debt ratio waiver underwriting analysis documentation to be signed when submitted to the Agency for review.

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Table of Contents.

Chapter 11 dated 03-16-16.

Pages 11-1 thru 11-13 revised 08-05-24.