

April 2, 2018

USDA Modified Interest Rate Waiver

The Single Family Housing Guaranteed Loan Program is issuing a waiver for all servicers allowing for an increase in the modified interest rate over the original guaranteed note rate.

The specific language affected in our regulatory guidance can be found in 7 CFR Part 3555.303 (b) (3) (i) and 7 CFR Part 3555.304 (c) (1), “the modified interest rate cannot exceed the interest rate of the original loan note guarantee”. This waiver applies to all loans modified under guidance provided in Chapter 18, Attachment 18-A of HB-1-3555. Effective immediately the modified interest rate cannot exceed the current market interest rate as defined by the agency.

Questions regarding this announcement may be directed to Richard Kane in the Rural Housing National Office at 202-720-0320 or Richard.Kane@wdc.usda.gov.

Help Resources

Policy Questions

Customer Service Center

Phone: 866-550-5887

Single Family Housing Guaranteed Loan Division

Phone: 202-720-1452

USDA ITS Service Desk Support Center

For e-Authentication assistance

Email: eAuthHelpDesk@ftc.usda.gov

Phone: 800-457-3642, option 1 (USDA e-Authentication Issues)

Rural Development Help Desk

For GUS system, outage or functionality assistance

Email: RD.HD@STL.USDA.GOV

Phone: 800-457-3642, option 2 (USDA Applications); then option 2 (Rural Development)

April 2, 2018

Expanded Guidance - USDA Modified Interest Rate Waiver

This notification provides additional guidance on the topic delivered earlier today with a subject line of "USDA Modified Interest Rate Waiver."

In response to the rising interest rate environment, the Single Family Housing Guaranteed Loan Program (SFHGLP) is issuing a waiver for all approved loan servicers to modify loans whereby the interest rate may exceed the original guaranteed note rate. The current policy which limits the modified maximum interest rate to the original guaranteed note rate has hindered loan servicers in their ability to offer the full range of loss mitigation alternatives to borrowers.

Loan servicers must adhere to Chapter 18 of the SFHGLP Technical Handbook when conducting a financial analysis of the borrower's capacity to support the modified mortgage payment. The result of the financial analysis must demonstrate the borrower's ability to support the modified mortgage payment going forward.

Effective immediately, loan servicers may consider offering a modified interest rate which does not exceed the Freddie Mac Weekly Primary Mortgage Market Survey (PMMS) rate for a 30 year fixed rate mortgage (US Average) rounded to the nearest one-eighth of one percent (0.125%) plus 50 basis points as of the date the modification is approved. This may result in a modified interest rate which exceeds the original guaranteed note rate which is now permissible as a result of this waiver.

This waiver is in effect until rescinded by the SFHGLP.

Questions regarding this announcement may be directed to Richard Kane in the Rural Housing National Office at 202-720-0320 or Richard.Kane@wdc.usda.gov.

Help Resources

Policy Questions

Customer Service Center

Phone: 866-550-5887

Single Family Housing Guaranteed Loan Division

Phone: 202-720-1452

USDA ITS Service Desk Support Center

For e-Authentication assistance

Email: eAuthHelpDesk@ftc.usda.gov

Phone: 800-457-3642, option 1 (USDA e-Authentication Issues)

Rural Development Help Desk

For GUS system, outage or functionality assistance

Email: RD.HD@STL.USDA.GOV

Phone: 800-457-3642, option 2 (USDA Applications); then option 2 (Rural Development)
