



# ADVANCE COPY NOTICE: HB-1-3555, Chapter 11

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## SFH Guaranteed Origination

**July 20, 2021**

### ADVANCE COPY NOTICE: HB-1-3555, Chapter 11

The Single Family Housing Guaranteed Loan Program (SFHGLP) is pleased to announce revisions to technical HB-1-3555, Chapter 11. An advance copy is available for review for a minimum of 30 days on [USDA LINC Training and Resource Library](#), Loan Origination Tab, under the heading "New". The proposed changes will become effective after a [Procedure Notice \(PN\)](#) is issued and the changes are permanently published online. Below are highlighted revisions:

#### **Chapter 11- Ratio Analysis**

##### **11.2 B. The Total Debt Ratio:**

- Revolving accounts: "with no outstanding balance" are not required to be closed.
- Mortgages: Rental Property - Eliminated language regarding omission of mortgage debt. Guidance for entry of rental income in GUS is provided in the [GUS Lender User Guide](#) under 4.1.4.1.1, Retained Investment Properties.
- Added: Debt management plans:
  - Include the monthly payment amount due from the counseling plan.
  - Refer to Chapter 10 for guidance on credit exception and documentation requirements.

- Student Loans: Removed the phrase “the greater of” from Non-Fixed payment loans and added guidance regarding “when the payment is above zero” and “when the payment is zero”.

## Help Resources

### Rural Development Help Desk:

#### 11.3 DEBT RATIO WAIVERS AND COMPENSATING FACTORS

For GUS system, outage or functionality assistance

Email: [RD.HD@USDA.GOV](mailto:RD.HD@USDA.GOV)

#### A. Purchase Transactions: Debt ratio waivers

**Important Links:** Refer with Caution, and manually underwritten loans without GUS

SFHGLP Lender Partner Webpage: <https://www.rd.usda.gov/page/sfh-guaranteed-lender>

SFHGLP Webpage: <https://www.rd.usda.gov/page/sfh-guaranteed-lender-partner-webpage>  
The lender must document compensating factors for support a debt ratio waiver”

USDA LINC Training and Resource Library:

Added: “all” of the following conditions are met to the first paragraph.  
<https://www.rd.usda.gov/programs-services/lenders/usda-linc-training-resource-library>

Procedure Notices: <https://www.rd.usda.gov/resources/directives/procedures-notice>

- Debt Ratio Waiver Request and Agency Approval:
  - Added: “The issuance of the Conditional Commitment for a Loan Note Guarantee represents Agency approval of the ratio waiver.”

#### B. Refinance Transactions: Debt ratio waivers

- Added a bullet: GUS files that require a GUS recommendation of Refer or Refer with Caution are not supported. Debt ratio waivers, and supporting documentation must be submitted to the Agency.
- Added: “The issuance of the Conditional Commitment for a Loan Note Guarantee represents Agency approval of the ratio waiver”.



#### 11.7 OBLIGATIONS NOT INCLUDED IN DEBT-TO-INCOME RATIOS

USDA is an equal opportunity provider, employer, and lender.

- Added: "unless a payment plan is in place" to the second bullet concerning Federal, state, and local taxes.

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Questions regarding program policy and this announcement may be directed to the National Office Division at [sfhgld.program@usda.gov](mailto:sfhgld.program@usda.gov) or (202) 720-1452.

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