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Updates to HB-1-3555 and Form RD 3555-21, Request for SFH Loan Guarantee

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Updates to HB-1-3555 and Form RD 3555-21, Request for SFH Loan Guarantee

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SFH Guaranteed Origination

December 5, 2022

Updates to HB-1-3555 and Form RD 3555-21, Request for SFH Loan Guarantee

The [Lender Financial and Participation Requirements Final Rule](#) became effective on November 29, 2022. To implement this rule, the Single-Family Housing Guaranteed Loan Program (SFHGLP) is pleased to announce numerous revisions to Handbook 1-3555. In addition, updates were made to the servicing guidelines described in Chapters 17, 18, and 19. These changes became effective upon the recent issuance of a [Procedure Notice \(PN\)](#). Below are the highlighted revisions.

Chapter 3 – Lender Approval

- Paragraph 3.2 was revised to include the requirement that lenders must provide evidence that all principal officers have at least 2 years of experience, clarified that all lenders are required to register in the System for Award Management (SAM) system, and added lender minimum net worth requirements.
- Paragraph 3.3 was revised to provide the correct email address for lender approval application submissions and clarify that reports of violations should be submitted to the Quality Assurance and Lender Oversight Division.
- Paragraph 3.4 was revised to clarify the Agency's review of the lender's application includes verifying the lender is registered in SAM and clarified that lender completion of mandatory trainings will be part of the lender approval process.
- Paragraph 3.9 was revised to clarify that the recertification process includes the Agency verifying the lender is registered in SAM and ensuring mandatory recertification training is completed.
- Attachment 3-A was updated to incorporate the new requirements outlined in Paragraph 3.2, as referenced above.
- Attachments 3-B and 3-C were removed.

Chapter 10 – Credit Analysis

- Paragraph 10.2 was revised to clarify the requirements for applicants with delinquent child support.
- Attachment 10-A was revised to clarify when the lender becomes aware of potential derogatory or contradictory information that is erroneous or not part of the data submitted to GUS, the loan must be manually downgraded. In addition, numerous updates were made throughout Attachment 10-A to clarify credit requirements and clearly identify when credit exceptions are required.

Chapter 12 – Property and Appraisal Requirements

- Paragraph 4 was revised to update the guidance on Accessory Dwelling Units and multiple parcels.
- Paragraph 12.5 was revised to clarify the acceptable timeframes for appraisals.
- Paragraph 12.6 was revised to clarify the water analysis must be current and not greater than 150 days old at closing.
- Paragraph 12.9 was revised to clarify the requirements for new construction documentation.
- Paragraph 12.11 was revised to clarify the requirements for financing condominiums.
- Paragraph 12.14 was revised to remove the requirement that a lender must review a builder's credit and criminal background check.
- Added Attachment 12-E.

Chapter 17 – Regular Servicing - Performing Loans

- Paragraph 17.3 was revised to reflect monthly reports required of all servicers.
- Paragraph 17.8 was revised to clarify the interest rate must not exceed the current market interest rate and provided a reference to additional guidance in Chapter 18.

Chapter 18 – Servicing Non-Performing Loans – Accounts with Repayment Problems

- Paragraph 18.3 was revised to clarify that before an account becomes 60 days past due, if no payment arrangement is in place, the lender must send a certified letter to the borrower(s) requesting an interview for the purpose of resolving the delinquency. In addition, the revision clarified that by the 60th day of delinquency, the lender must inspect the property for occupancy.
- Paragraph 18.15 was revised to update the effective date of the moratorium on foreclosures and evictions, clarified rate reduction requirements, and removed the expiration date for Special Relief Measures.

- Attachment 18-A was revised to clarify what it means for an applicant to face imminent default, clarified the PFS period, and updated the Estimated REO Marketing Cost.
- Attachments 18-B and 18-C were revised to update fees.

Chapter 19 – Loss Claims – Collecting on the Guarantee

- Paragraph 19.2 was revised to clarify that reasonable and customary costs are determined by the VA appraisal fee schedule, removed the requirement that incentives require Agency concurrence, and clarified the allowable acquisition and management costs associated with property liquidation.

Form RD 3555-21, Request for SFH Loan Guarantee

Form RD 3555-21, Request for Single Family Housing Loan Guarantee, was updated on August 30, 2022, with an implementation date of no later than November 30, 2022. All loan requests submitted to the Agency on or after November 30, 2022, must include the newly revised form with the August 2022 revision date.

Questions regarding program policy and this announcement may be directed to the National Office Division at sfhgld.program@usda.gov or (833) 314-0168.

Thank you for supporting the Single-Family Housing Guaranteed Loan Program!

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Important Links:

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

SFHGLP Webpage: <https://www.rd.usda.gov/programs-services/single-family-housing-guaranteed-loan-program>

USDA LINC Training and Resource Library:

<https://www.rd.usda.gov/programs-services/lenders/usda-linc-training-resource-library>

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



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