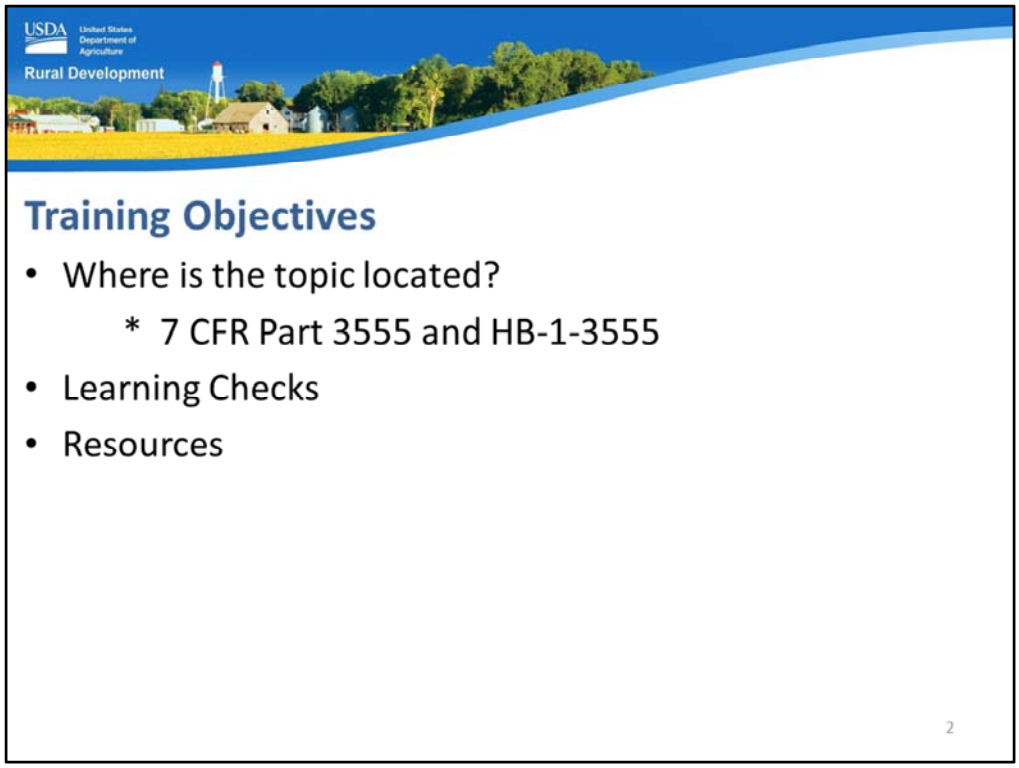
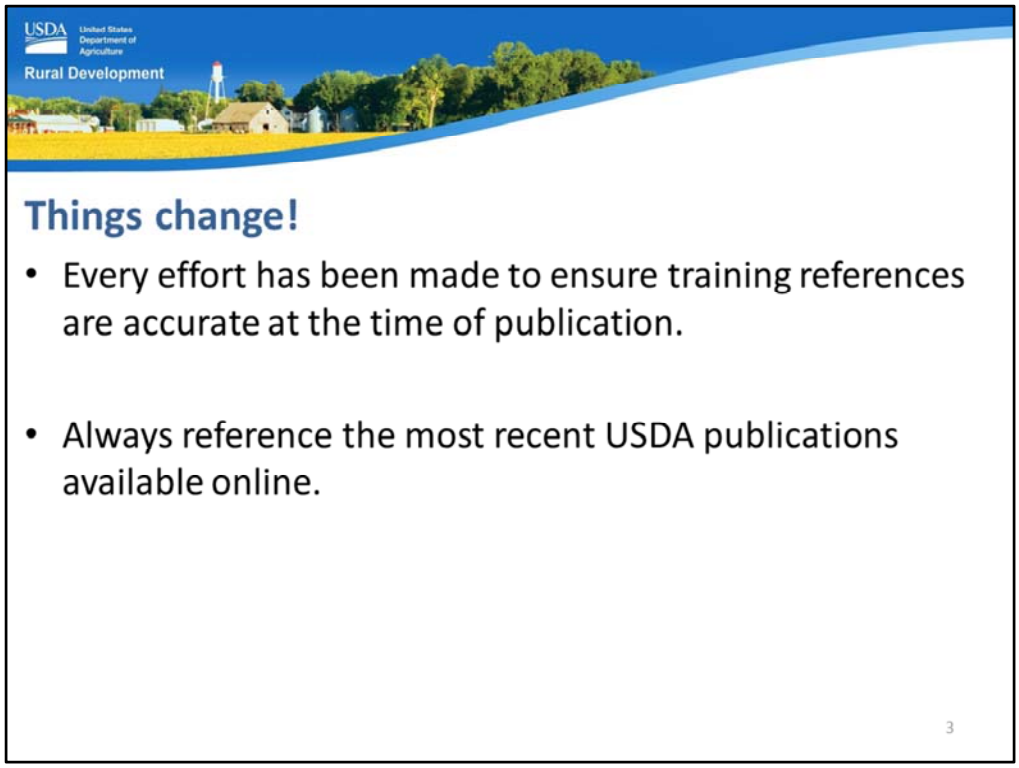
Welcome to Becoming an Approved Lender, presented by USDA's Single Family Housing Guaranteed Loan Program!



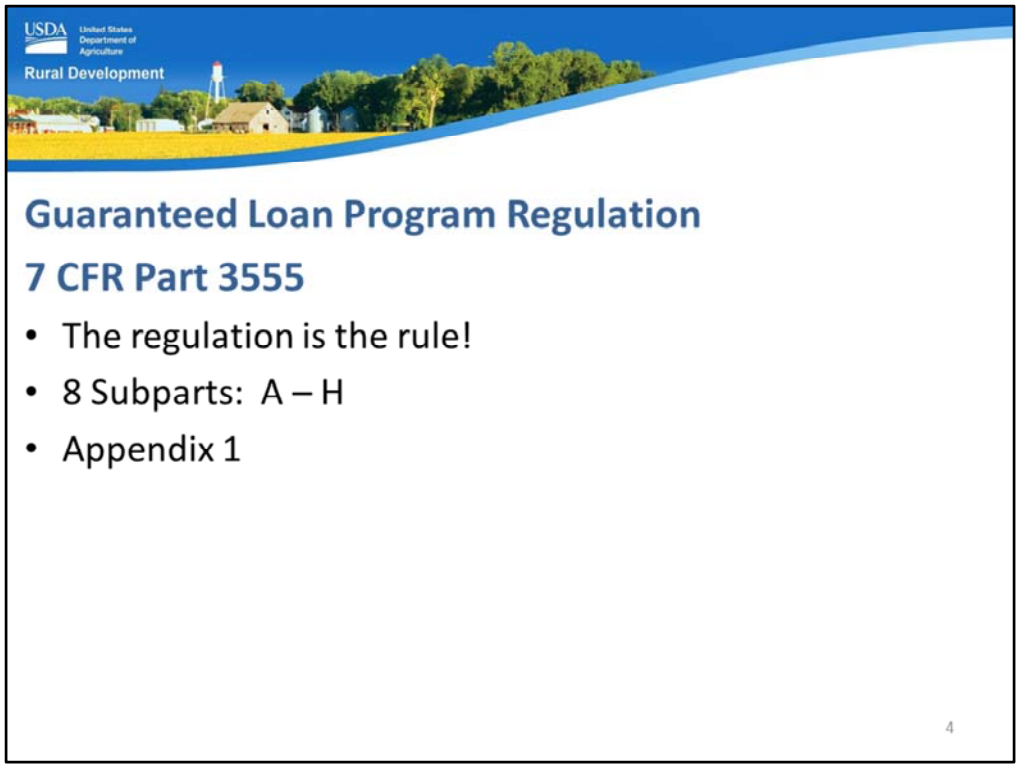
The objectives of the training include:

1. Demonstrating where the training topic is located in the program regulation, 7 CFR Part 3555 and the technical handbook, HB-1-3555.
2. Providing learning checks to help you gain a working knowledge of the topic, and
3. Links to online resources to assist in locating program information.



Every effort has been made to ensure this training and all references are accurate, however, new program revisions and clarifications may occur.
Therefore, please ensure you always reference the most recent USDA publications available online.

This training module is not intended to replace the need to reference the regulation, technical handbook, and additional USDA published documents regarding the Guaranteed Loan Program.

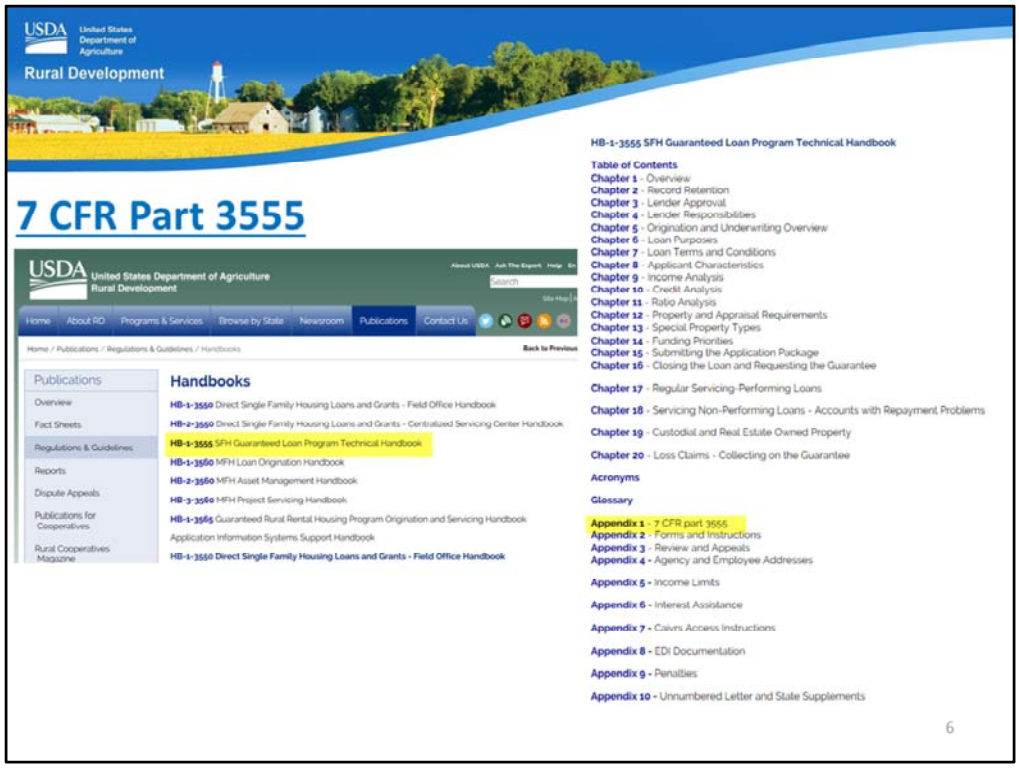


7 CFR Part 3555 is the program regulation. It is the first place users should look for the answers to their questions.
The regulation is the rule and it cannot be overridden by the technical handbook.
The 7 CFR Part 3555 is comprised of 8 subparts, A through H.
You can access the full regulation online as Appendix 1 from the Regulations and Guidelines website.

The Regulations and Guidelines website is located from the link shown on the slide.

Under “Rural Development” there are many items available from this home page.

To access the regulation, select “Handbooks.”



A list of all USDA Rural Development handbooks will display.

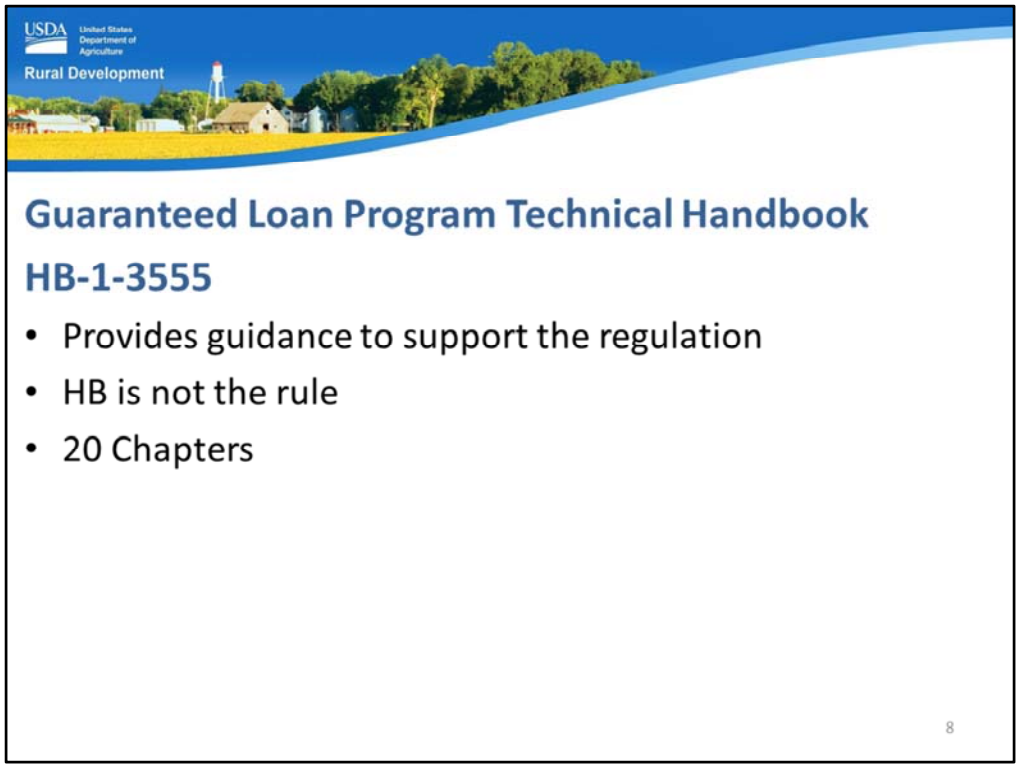
Be sure to select the correct technical handbook: HB-1-3555.

Once HB-1-3555 is selected, the entire handbook, including all appendix will display for selection.

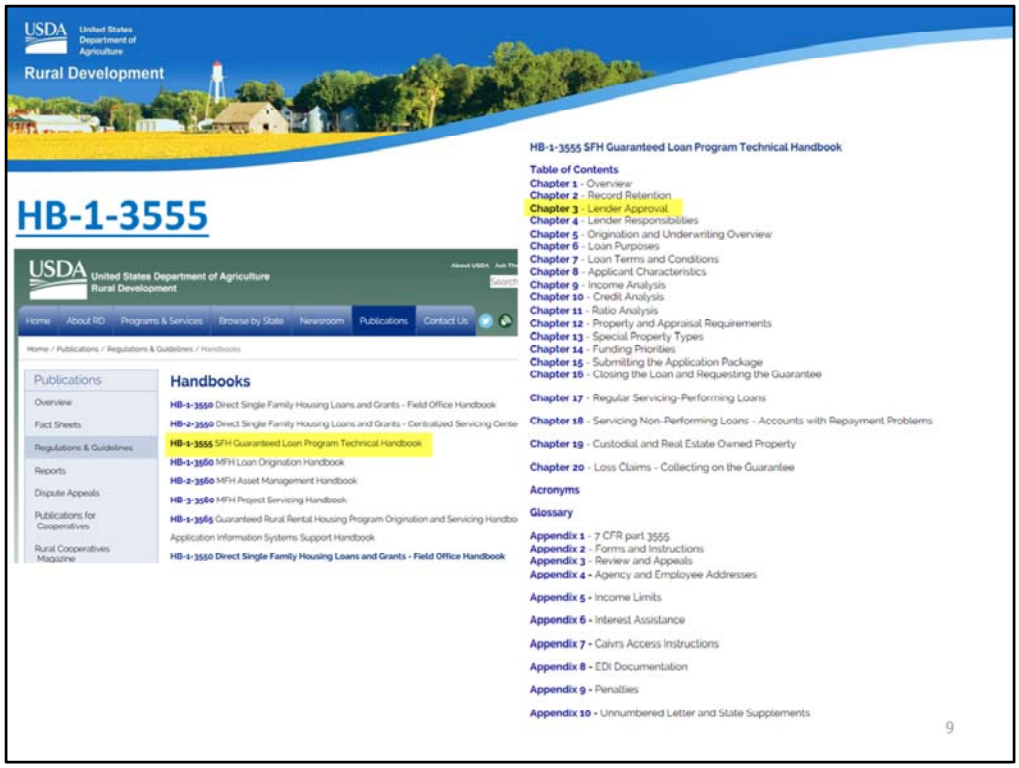
Appendix 1 is the full regulation, 7 CFR Part 3555.

Lender Participation and approval guidance is located in Subpart B, Section 3555.51 through 3555.54.

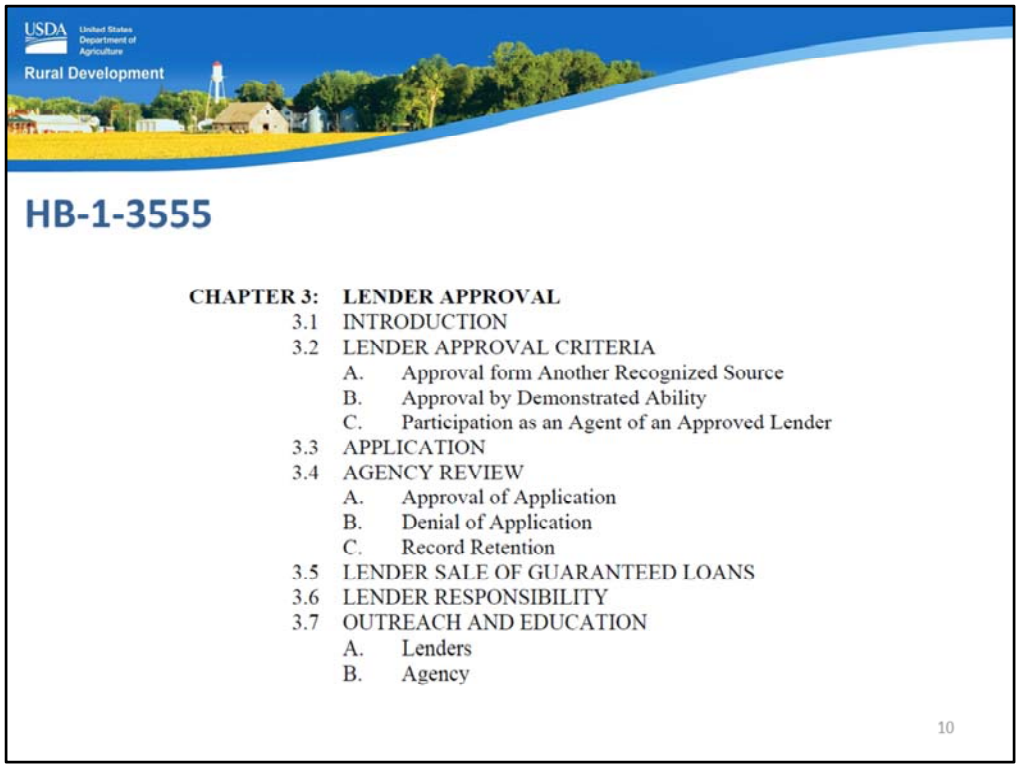
The title of each section provides an overview of the information that is addressed.



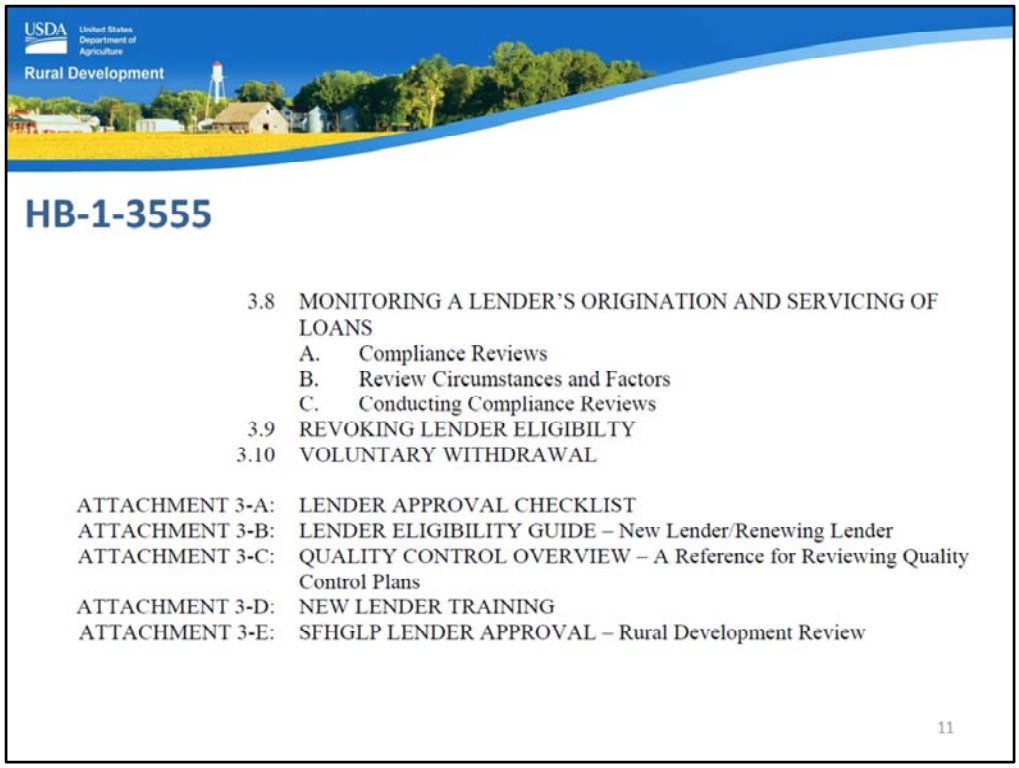
The 7 CFR Part 3555 regulation cannot cover every topic and every potential scenario, therefore a technical handbook has been published to support the regulation and provide additional clarification. HB-1-3555 has 20 chapters.



The handbook may be accessed from the Regulations and Guidelines website. Lender Approval is located in Chapter 3.

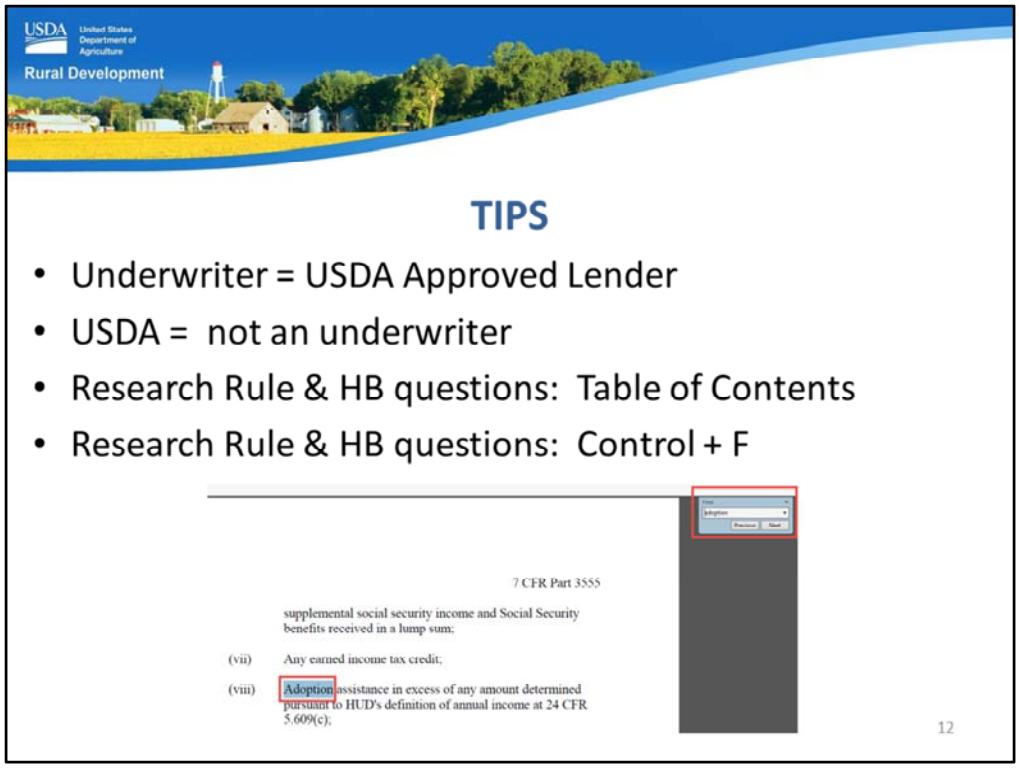


This screen shot displays the Table of Contents of Chapter 3. This helps the user to locate specific topics more quickly from Lender Approval Criteria…….



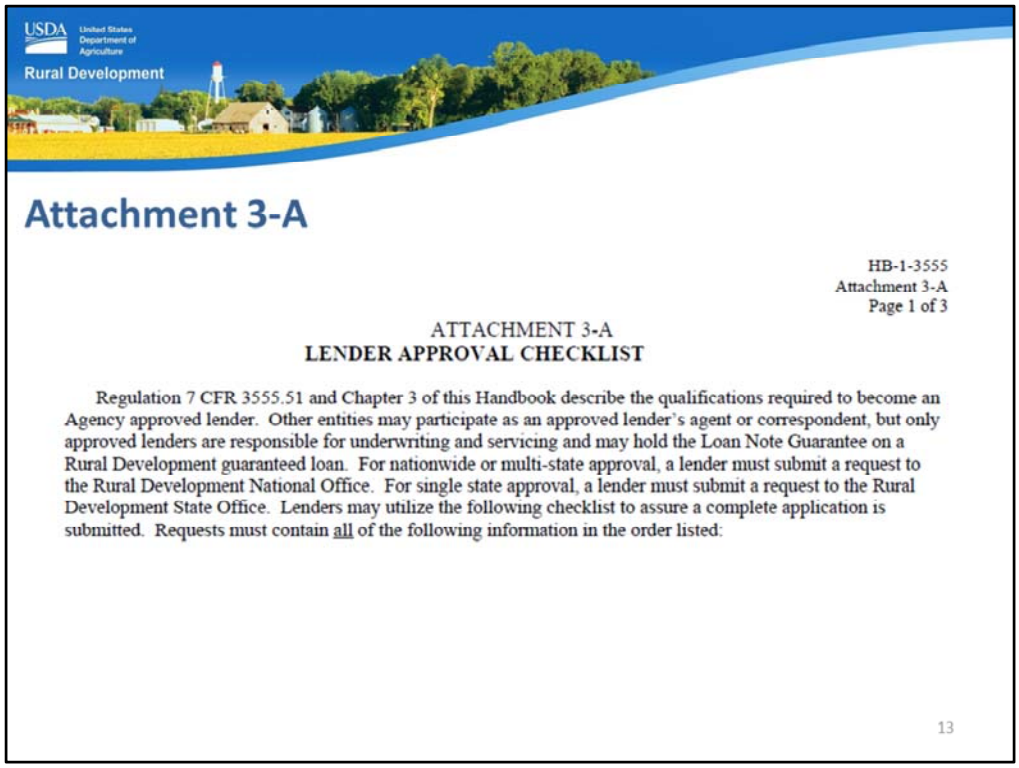
……to how USDA will monitor approved lenders and situations that may result in a lender's approval being revoked.

There are also Attachments available to assist lenders to submit a complete lender approval application package for review.



A few helpful tips:

1. The underwriter of the loan is the approved lender's underwriter.
2. USDA is NOT the underwriter of the loan.
3. When researching topics, it is helpful to begin with the Table of Contents for the regulation and the handbook.
4. A great best practice when searching for information is to open the regulation or a handbook chapter, select the "Control" button on the keyboard, hold it down, and then also select the "F" key. A keyword search box will appear. Enter a keyword or phrase to locate information more quickly.



USDA United States Department of Agriculture

Rural Development

Attachment 3-A

HB-1-3555
Attachment 3-A
Page 1 of 3

ATTACHMENT 3-A
LENDER APPROVAL CHECKLIST

Regulation 7 CFR 3555.51 and Chapter 3 of this Handbook describe the qualifications required to become an Agency approved lender. Other entities may participate as an approved lender's agent or correspondent, but only approved lenders are responsible for underwriting and servicing and may hold the Loan Note Guarantee on a Rural Development guaranteed loan. For nationwide or multi-state approval, a lender must submit a request to the Rural Development National Office. For single state approval, a lender must submit a request to the Rural Development State Office. Lenders may utilize the following checklist to assure a complete application is submitted. Requests must contain all of the following information in the order listed:

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Attachment 3-A is the Lender Approval Checklist. It consists of three pages. This form will assist lenders to ensure their application is complete and ready for USDA review.

For lenders who are only licensed to originate and execute mortgage loans in one State, they will wish to submit their package to the USDA State Office.

If a lender does business in more than one State it is highly recommended that National approval is requested. For National approval, the lender will submit their complete approval package directly to USDA National Headquarters in Washington, DC.

All items listed in Attachment 3-A must be complete and stacked in the order listed to ensure not only a complete application but also to assist in an expedited review and approval.

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Lender Approval Application Checklist

USDA Rural Development

Lender Information			
Name:			TAX ID:
DBA Name(s), if applicable. Use separate sheet for any additional DBAs:			
Geographic Address:		Mailing Address (if different)	Phone: Fax: County:
Chartered State/Headquarters:			
Website:		Company E-Mail:	
Contact Person	Name:	Phone:	E-Mail:
	Title:	Fax:	
Minority/Women-Owned Business (Optional)		☐ Minority-Owned ☐ Women-Owned	☐ Minority-Owned/ Women-Owned

Provide the following information for all principal officers, directors, and senior managers. Additional sheets may be attached, if necessary.

Name of Person	Title (if applicable)	Responsibilities

Lender Functions	**Lender Type (Select Applicable):**			
☐ Originate	☐ Commercial Bank	☐ Federal Land Bank	☐ Broker	☐ Service Bureau
☐ Underwrite	☐ Mortgage Loan Co	☐ Credit Union	☐ Other	☐ SFH Agency
☐ Service	☐ Insurance Co	☐ Savings Bank	☐ Non-Traditional	☐ Specialty Servicer
☐ Own	☐ Production Credit Association	☐ Bank for Co-Ops	☐ Small Business Investment Co	☐ State Housing Finance Agency

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The top of Attachment 3-A page one will list Lender information.

The name, title, and responsibilities of each officer, director, or senior manager will be requested.

The lender may select from “Lender Functions” their current duties. If a lender does not wish to service or own the guaranteed loans they originate, they must ensure they will sell the loans to an eligible USDA lender that is authorized to service and hold these loans.

The “Lender Type” must also be selected.

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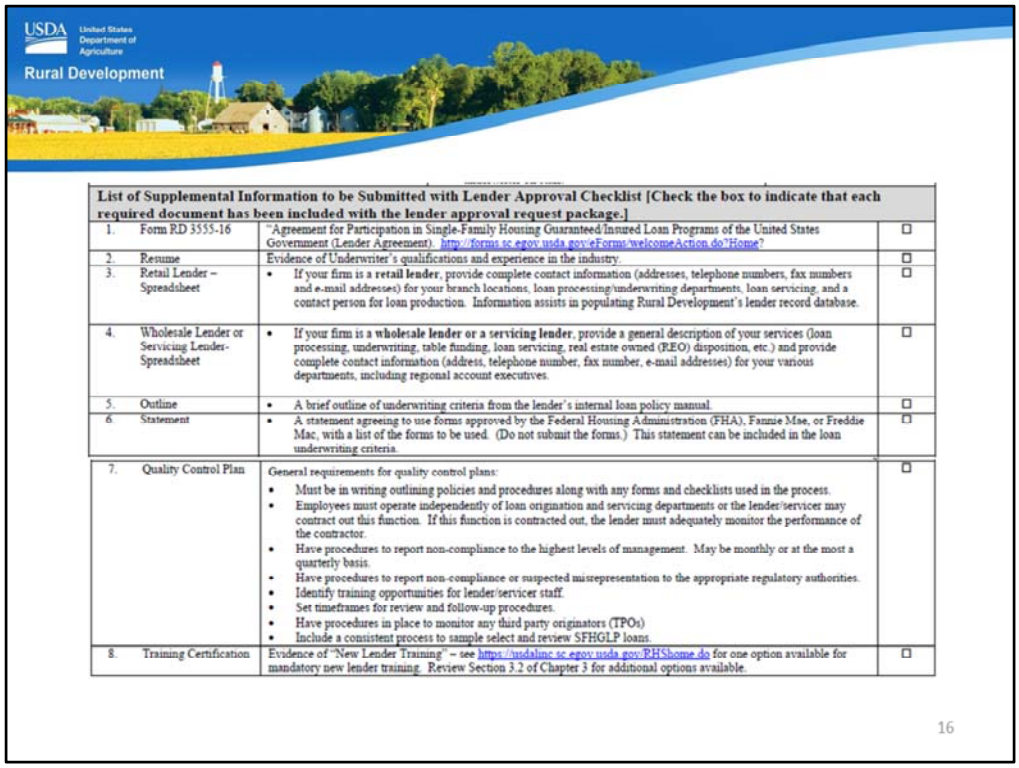
Current eligibility designations [Section 3.2 of HB-3555 Chapter 3]: (Certification must be within the past 12 months)		
☒ Agency Certifications (*Select applicable*)	Preferred Method of Evidence/Certification (*Submit as supplemental information*)	Applicable Agency Assigned Identification
☐ Fannie Mae	Fannie Mae Form 582, "Annual Eligibility Certification Report	
☐ Freddie Mac	Freddie Mac Form 16SF, "Annual Eligibility Certification Report"	
☐ U.S. Department of Housing and Urban Development – Federal Housing Administration (HUD-FHA)	Lender must be approved by HUD as a Title II supervised or non-supervised mortgagee for submission of one to four family housing applications for Federal Housing Mortgage Insurance or as an issuer of Ginnie Mae mortgage backed securities "supervised" or "non-supervised." Lender cannot be a correspondent only.	
☐ U.S. Department of Veterans Affairs (VA)	Any Lender approved as a supervised or non-supervised "automatic" mortgagee with direct lending authority for VA	
☐ State Housing Finance Agencies (SFHA)	Evidence that a private sector lender is approved by a SHFA to participate in SHFA programs does not represent an automatic approval to participate in the guaranteed program.	
☐ Farm Credit Service(FCS)	Lender must have direct lending authority. Provide Membership letter.	
☐ Lenders participating in USDA guaranteed loan programs.	Loan programs can be Rural Housing Service, Rural Business and Cooperative Service, Rural Utilities Programs and/or the Farm Service Agency.	
☐ Evidence of Federal oversight (if applicable)	Evidence, and supporting documentation per Section 3.2 of Chapter 3 of Federal oversight by any of the following: ☐ The Federal Reserve System; ☐ The Comptroller of the Currency; ☐ The Federal Deposit Insurance Corporation (FDIC); ☐ The National Credit Union Administration (NCUA); or ☐ The Federal Housing Finance Board regulating lenders within the Federal Home Loan Bank (FHLB) system.	
☐ Evidence of demonstrated ability in underwriting and/or servicing (if applicable).	☐ A summary of residential mortgage lending activity. ☐ Written criteria that outline the policies and procedures the lender typically follows when originating, underwriting, and closing residential mortgage loans. ☐ Evidence that the lender has an experienced loan underwriter on staff.	

15

Page two allows the lender to select the appropriate designation they hold which will render them eligible for USDA approved lender consideration. The evidence of certification from one of these eligible entities must be recent, and that is defined as approved or renewed within the previous 12 months.

The left column lists many eligibility options. Once one is selected the middle column lists the preferred method of evidence or certification that may be submitted with the loan application package as evidence to confirm program eligibility.

The final column is for application Agency assigned identification.



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List of Supplemental Information to be Submitted with Lender Approval Checklist [Check the box to indicate that each required document has been included with the lender approval request package.]		
1. Form RD 3555-16	"Agreement for Participation in Single-Family Housing Guaranteed/Insured Loan Programs of the United States Government (Lender Agreement). http://forms.sc.egov.usda.gov/eForms/welcomeAction.do?Home?	☐
2. Resume	Evidence of Underwriter's qualifications and experience in the industry.	☐
3. Retail Lender – Spreadsheet	• If your firm is a **retail lender**, provide complete contact information (addresses, telephone numbers, fax numbers and e-mail addresses) for your branch locations, loan processing/underwriting departments, loan servicing, and a contact person for loan production. Information assists in populating Rural Development's lender record database.	☐
4. Wholesale Lender or Servicing Lender-Spreadsheet	• If your firm is a **wholesale lender or a servicing lender**, provide a general description of your services (loan processing, underwriting, table funding, loan servicing, real estate owned (REO) disposition, etc.) and provide complete contact information (address, telephone number, fax number, e-mail addresses) for your various departments, including regional account executives.	☐
5. Outline	• A brief outline of underwriting criteria from the lender's internal loan policy manual.	☐
6. Statement	• A statement agreeing to use forms approved by the Federal Housing Administration (FHA), Fannie Mae, or Freddie Mac, with a list of the forms to be used. (Do not submit the forms.) This statement can be included in the loan underwriting criteria.	☐
7. Quality Control Plan	General requirements for quality control plans: • Must be in writing outlining policies and procedures along with any forms and checklists used in the process. • Employees must operate independently of loan origination and servicing departments or the lender/servicer may contract out this function. If this function is contracted out, the lender must adequately monitor the performance of the contractor. • Have procedures to report non-compliance to the highest levels of management. May be monthly or at the most a quarterly basis. • Have procedures to report non-compliance or suspected misrepresentation to the appropriate regulatory authorities. • Identify training opportunities for lender/servicer staff. • Set timeframes for review and follow-up procedures. • Have procedures in place to monitor any third party originators (TPOs) • Include a consistent process to sample select and review SFHGLP loans.	☐
8. Training Certification	Evidence of "New Lender Training" – see https://usdalinc.sc.egov.usda.gov/RHShome.do for one option available for mandatory new lender training. Review Section 3.2 of Chapter 3 for additional options available.	☐

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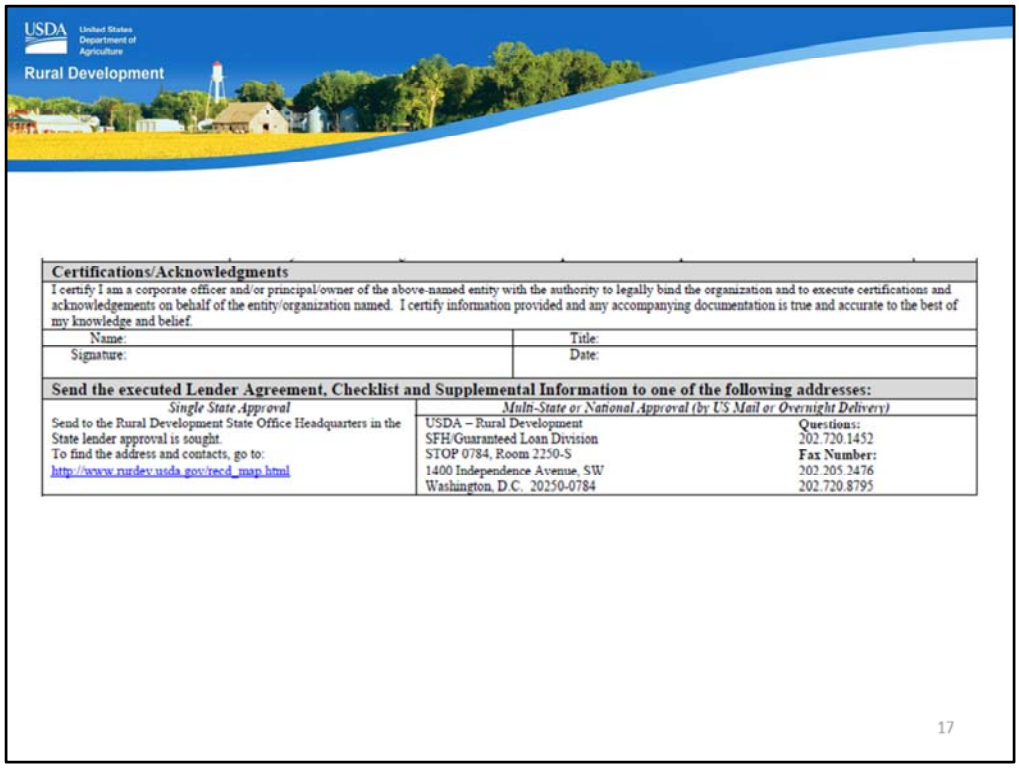
Page two also includes a list of the supplemental information that is also required in order to have a complete lender approval request application package. It is recommended that as these items are added to the application, the lender checks off the item from the right column.

Items include:

- An executed Form RD 3555-16 "Agreement for Participation in SFH Guaranteed/Insured Loan Programs of the United States Government." USDA refers to this as the "Lender Agreement."
- Resumes for underwriter's qualifications. Because USDA guaranteed loans are underwritten by approved lenders and they are not underwritten by USDA, it is imperative that lenders employ underwriters with the required experience and knowledge to properly underwrite these mortgage loans.
- Retail lender or Wholesale/Servicing lender contact sheet as applicable. USDA must know how to contact all employees who will bear responsibility for the lender throughout the life cycle of guaranteed loans.
- Outline for underwriting policies.
- Statement to use forms approved by HUD, Fannie Mae, or Freddie Mac for the origination, closing, servicing, etc. of guaranteed loans.
- Quality Control Plan: The general requirements that must be addresses in the QC Plan are listed, and
- Training Certification There is an attendance sheet that may be signed by an eligible party of the lender to certify that all applicable parties within the lending institution

have completed required training for USDA guaranteed loans. Please refer to Handbook Chapter 3 for additional information.



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Rural Development

Certifications/Acknowledgments	
I certify I am a corporate officer and/or principal/owner of the above-named entity with the authority to legally bind the organization and to execute certifications and acknowledgements on behalf of the entity/organization named. I certify information provided and any accompanying documentation is true and accurate to the best of my knowledge and belief.	
Name:	Title:
Signature:	Date:

Send the executed Lender Agreement, Checklist and Supplemental Information to one of the following addresses:		
Single State Approval	*Multi-State or National Approval (by US Mail or Overnight Delivery)*	
Send to the Rural Development State Office Headquarters in the State lender approval is sought. To find the address and contacts, go to: http://www.rurdev.usda.gov/recd_map.html	USDA – Rural Development SFH/Guaranteed Loan Division STOP 0784, Room 2250-S 1400 Independence Avenue, SW Washington, D.C. 20250-0784	**Questions:** 202.720.1452 **Fax Number:** 202.205.2476 202.720.8795

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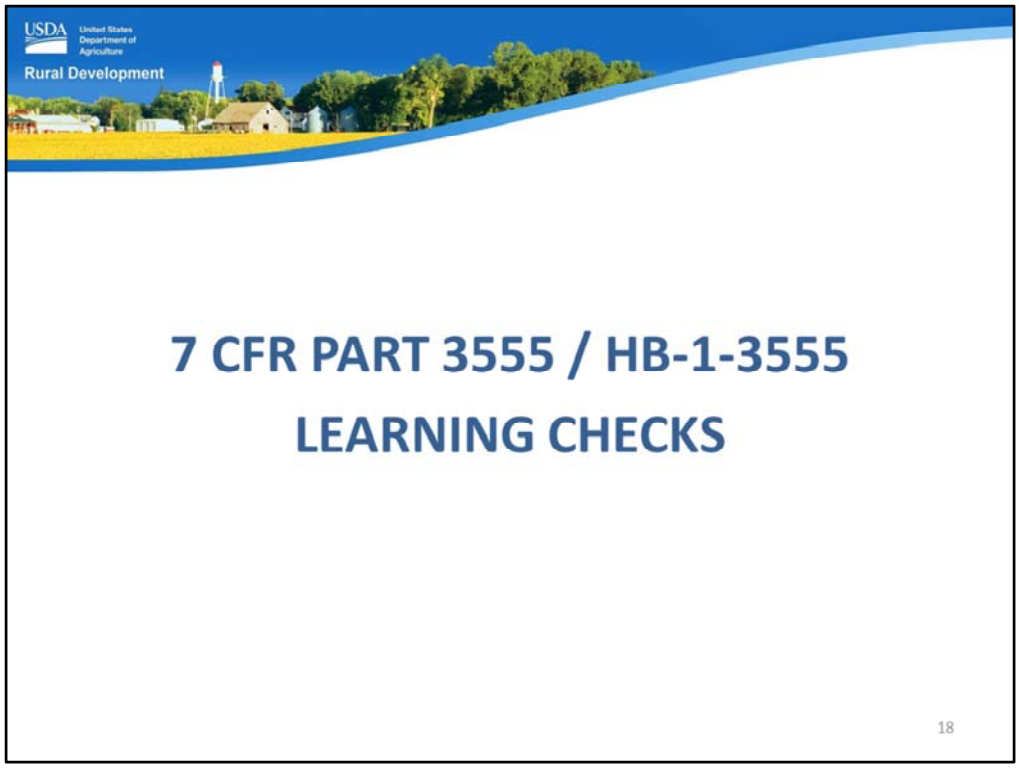
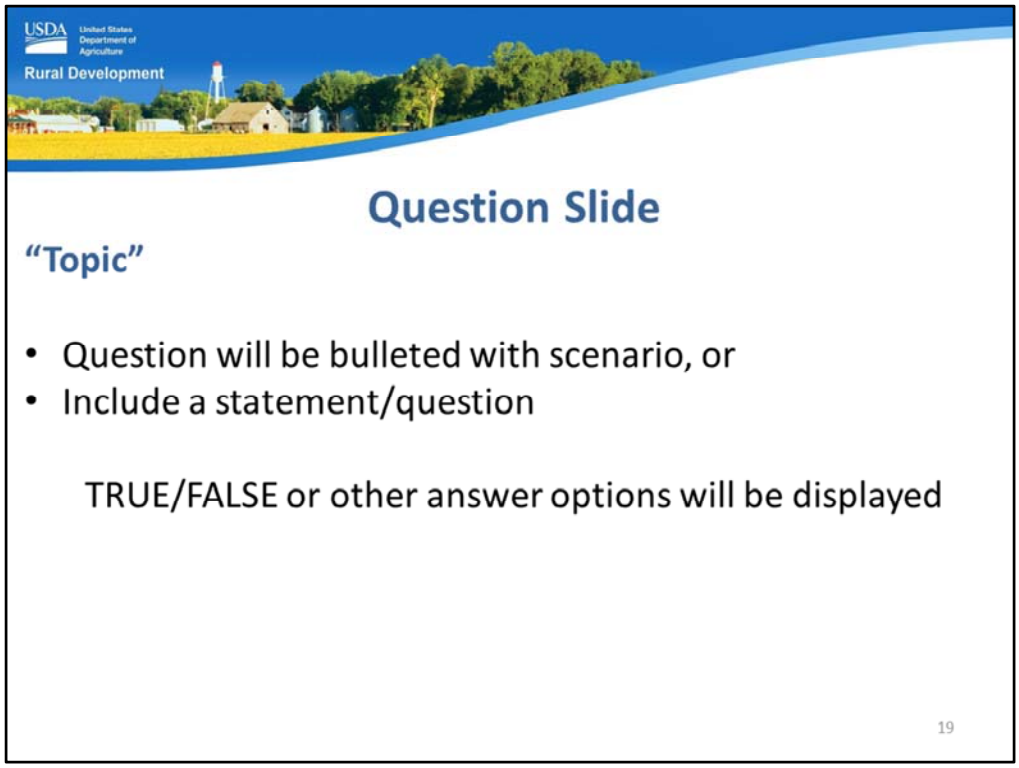
Page three will include the certification and acknowledgment that all required items have been submitted along with all truthful statements made.

If only single state approval is required: there are directions to locate the proper USDA State Office contact and information.

If Multi-State/National Approval is required: submit the loan application package to the National Headquarters in Washington, DC.

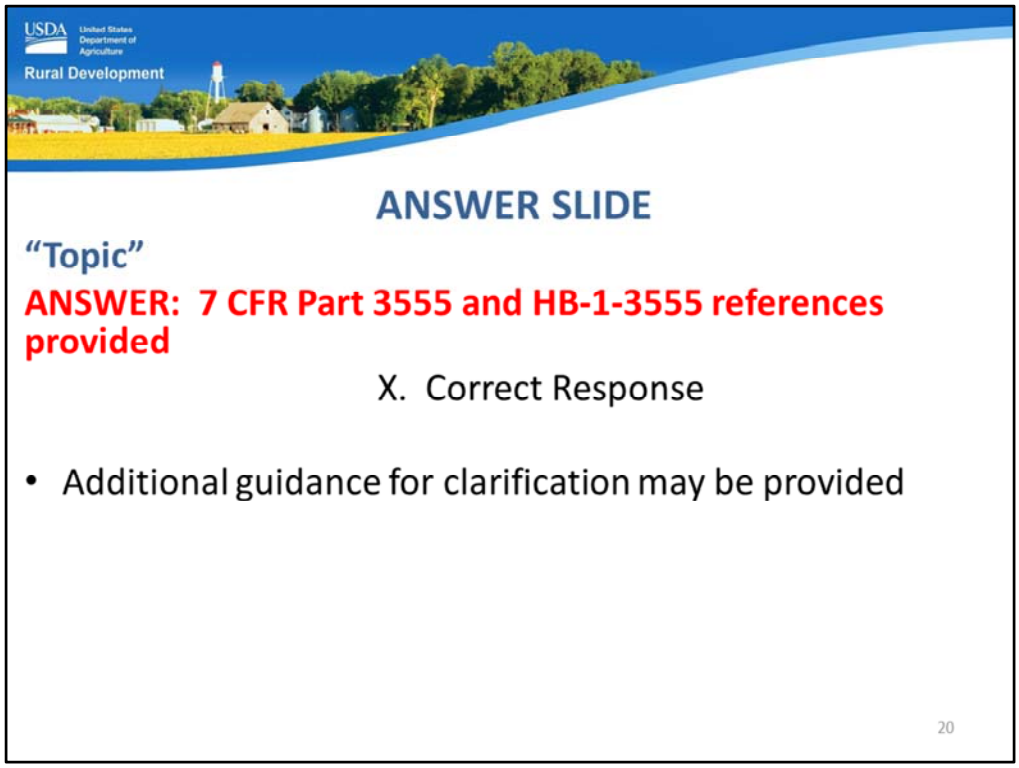


The best way to learn information is to test your knowledge!



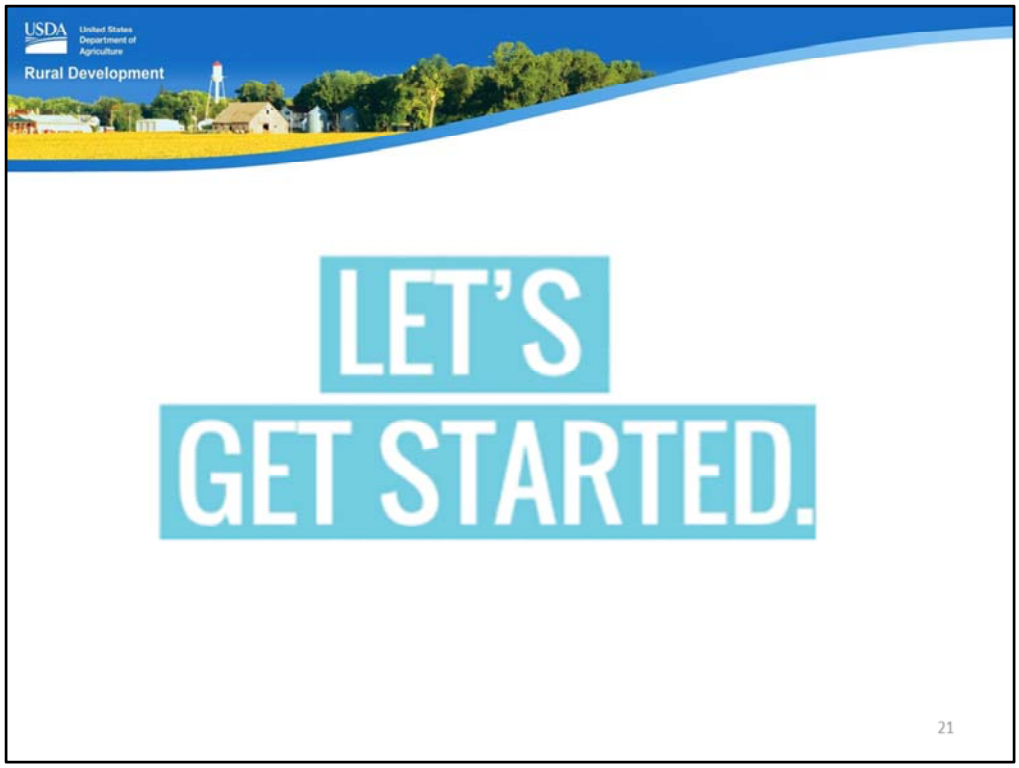
Each question slide will list:

- the topic
- A question or scenario, and
- potential responses.



The answer slide will list:

- The topic
- The reference to the answer from the regulation and handbook
- The correct response, and
- Any additional clarification that may be helpful.



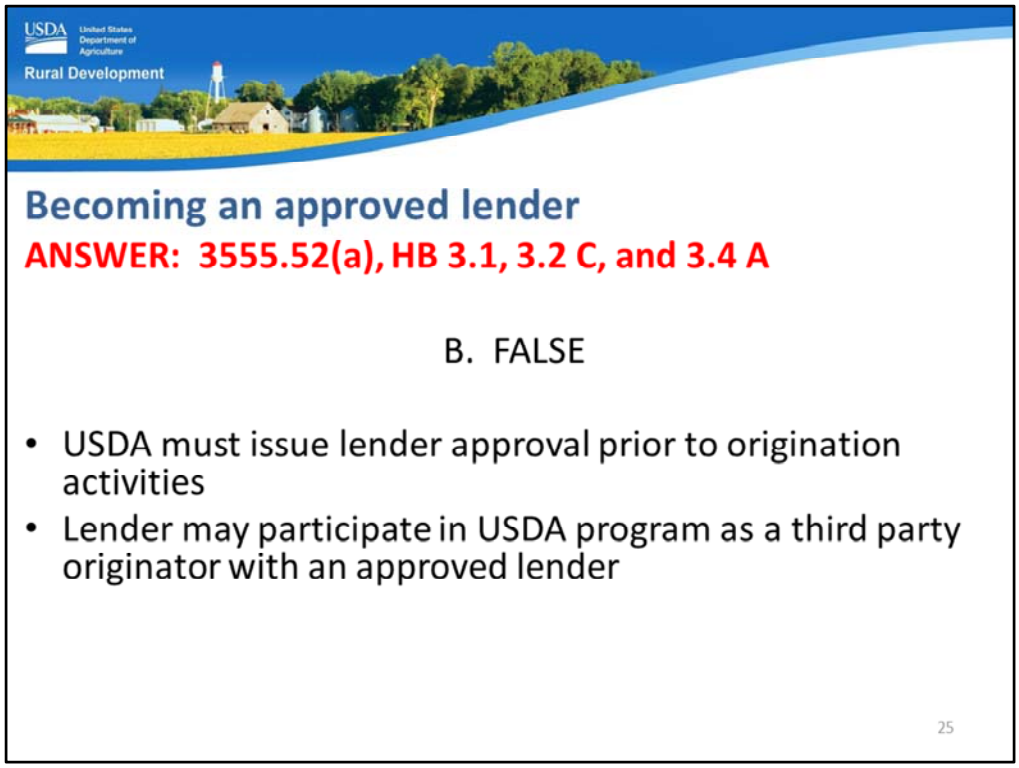
Let's get started!

Read the question on the slide and select a response.

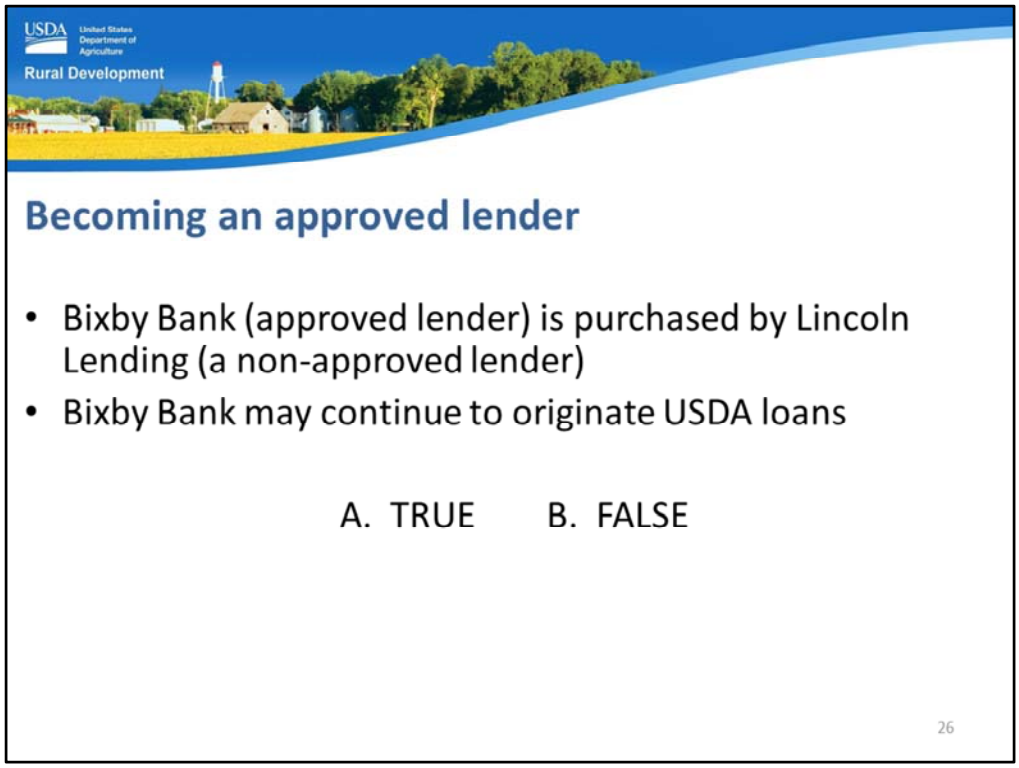
True

- The lender is a member of the National Credit Union Administration, which is a regulated depository institution. The regulation supports this membership as an eligible entity that qualifies for USDA lender approval.
- All additional application materials and evidence is required to be submitted as required by Attachment 3-A.

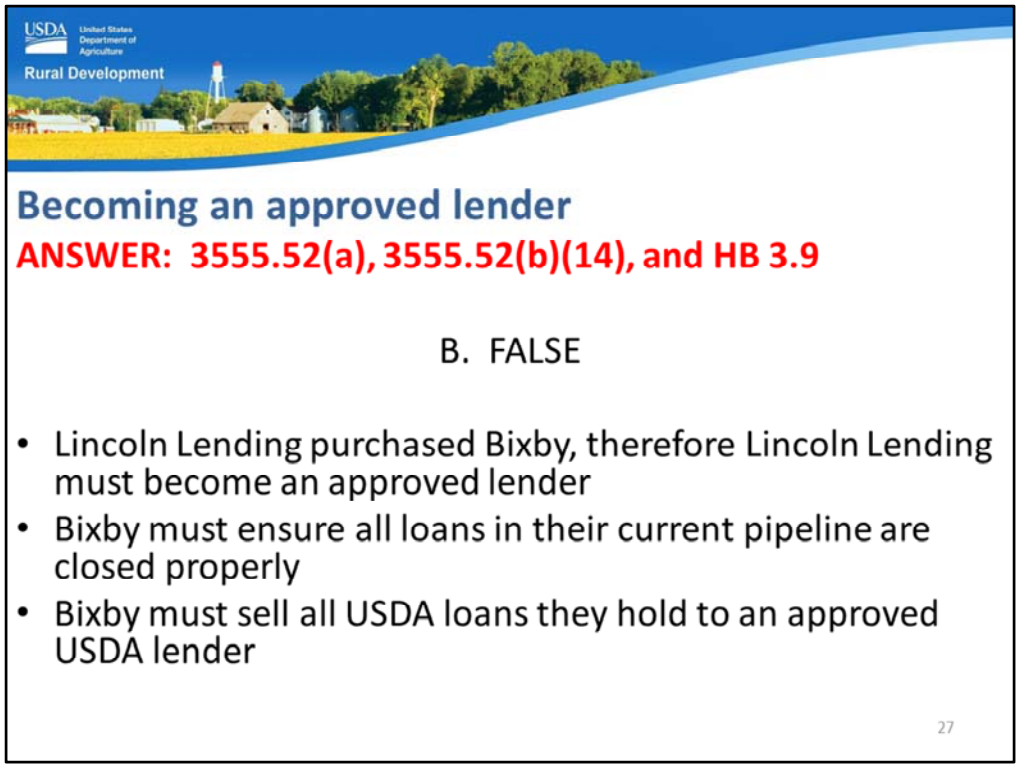
Read the question on the slide and select a response.



False
Doodle Bank must not begin any USDA guaranteed loan activity acting as an approved lender until they receive their official approval from USDA.
Lenders who are not approved lenders with USDA may participate as a third party originator or a correspondent lender for a currently approved USDA lender.

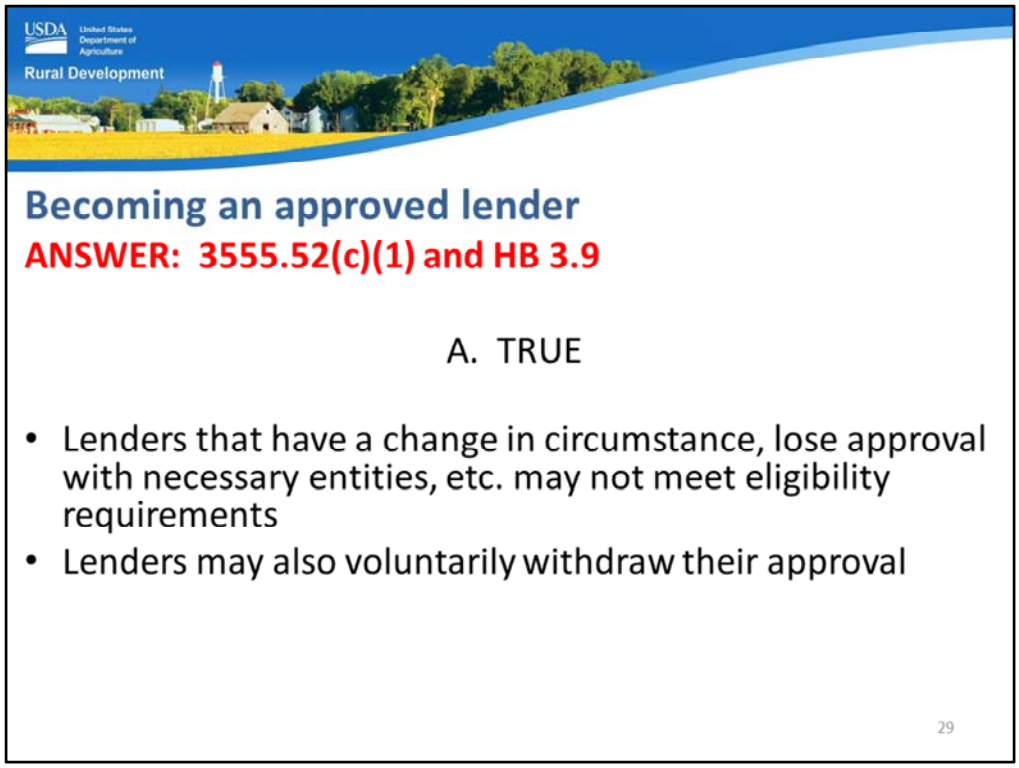


Read the question on the slide and select a response.



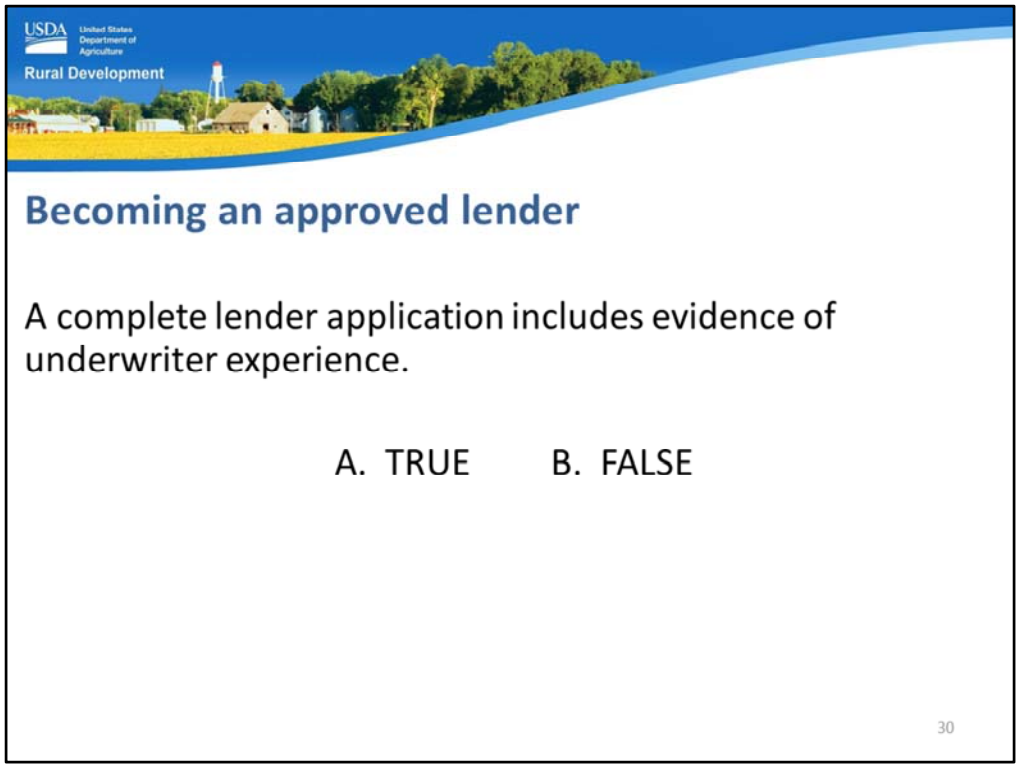
False
A non-approved USDA lender (Lincoln Lending) has purchase Bixby Bank, therefore if they wish to continue to originate USDA guaranteed loans the new entity must apply for approved lender status.
Bixby Bank must ensure all of the loans in their current pipeline are closed properly.
Because Bixby Bank is no longer in existence, if Lincoln Lending does not apply and achieve USDA approved lender status they will be ineligible to retain any guaranteed loans.
Therefore they will have to be sold to an approved USDA lender within 6 months.

Read the question on the slide and select a response.



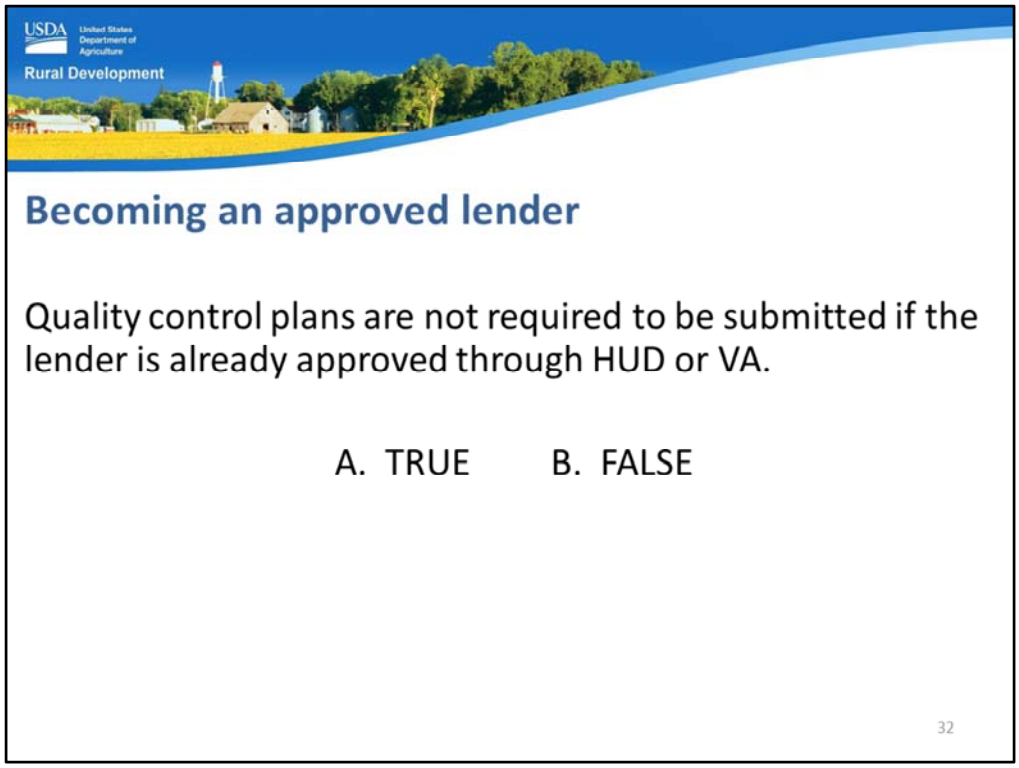
True
Lenders who no longer meet the required lender approval criteria, etc. may no longer be eligible to participate in the guaranteed loan program.

Lenders may also determine that they no longer wish to participate in the guaranteed loan program. They may request that their approval is withdrawn.



Read the question on the slide and select a response.

True
The approved lender is required under the terms of Form RD 3555-16 (lender agreement) to notify USDA if they fail to continue to meet any approved lender criteria at any time. USDA may terminate the lender's approval upon receipt of written request from them.

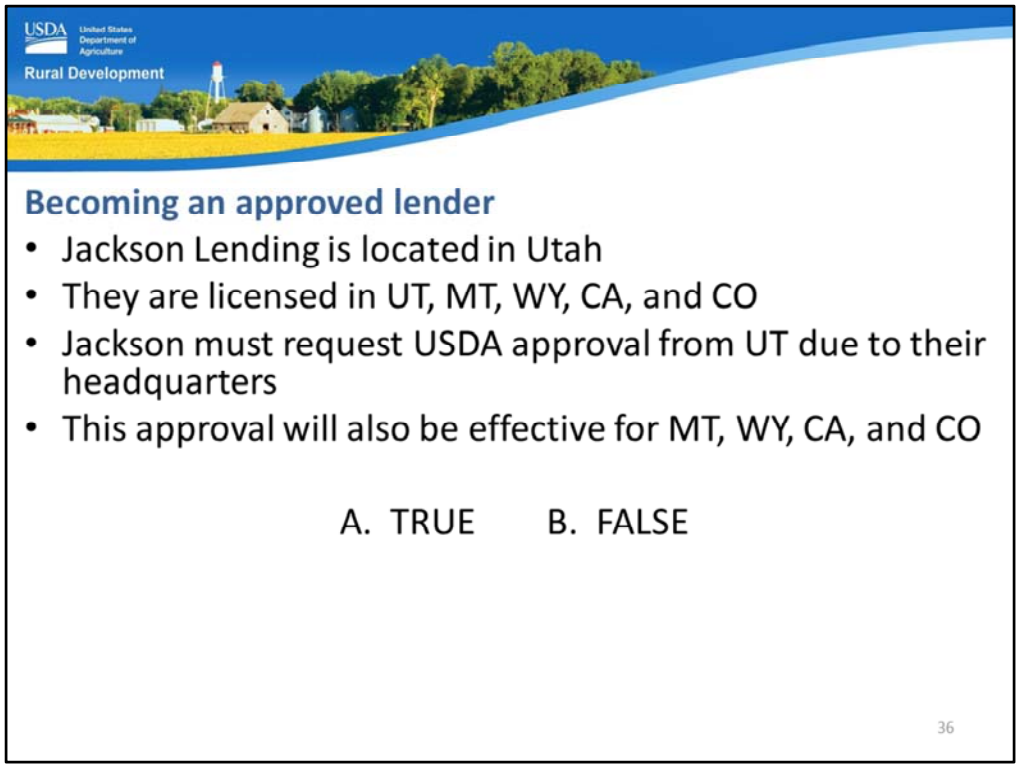


Read the question on the slide and select a response.

False
Qualify Control plans are a very important approval criteria document and they are required for all lenders.
The QC plan must be in writing, and it must outline the procedure, forms, and checklists that the lender may use in order to ensure their portfolio is performing well and is meeting mortgage lending requirements.

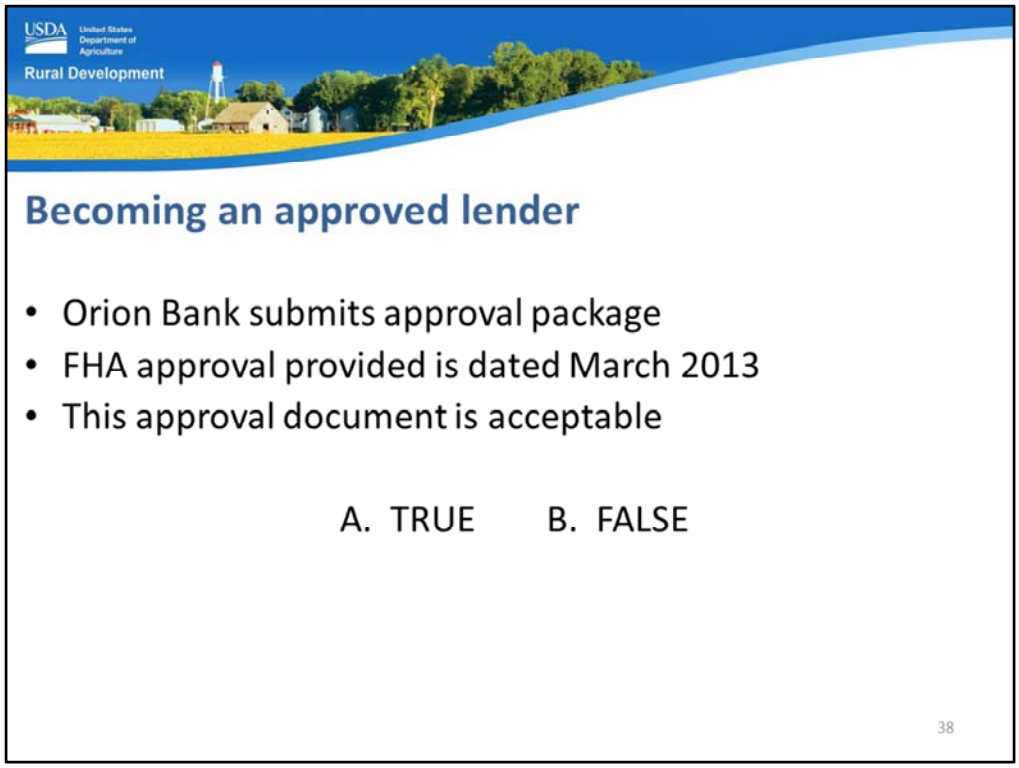
Read the question on the slide and select a response.

Response B
If lenders have questions about what exactly is required to be part of their eligible Quality Control Plan, Attachment 3-C is a helpful form.
Attachment 3-A does list the information that is vital to be addressed in the QC Plan.
Attachment 3-C assists USDA to review the QC Plan, and therefore it is also beneficial to lenders who are concerned if their QC Plan is acceptable to the Agency.
Lenders should separate origination protocol from servicing procedures.
The underwriter plan should include descriptions for basic skills and mortgage underwriting knowledge.
The lender must also address their approach to escrowing for real estate taxes and homeowners insurance.



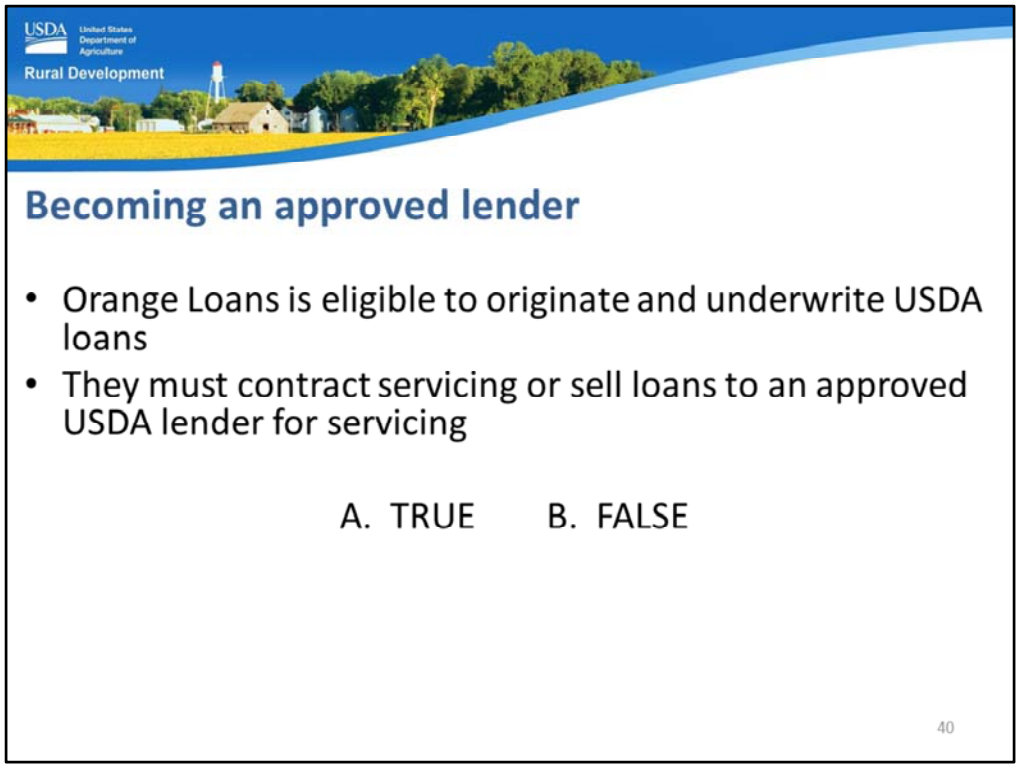
Read the question on the slide and select a response.

False
If a lender wishes to do business in multiple states they must apply for National Approval. National Approval will enable them to participate in the USDA guaranteed loan program for all states in which they are licensed.
This also means that they must only submit one application package for review, rather than multiple packages that would have to be considered by each individual state.



Read the question on the slide and select a response.

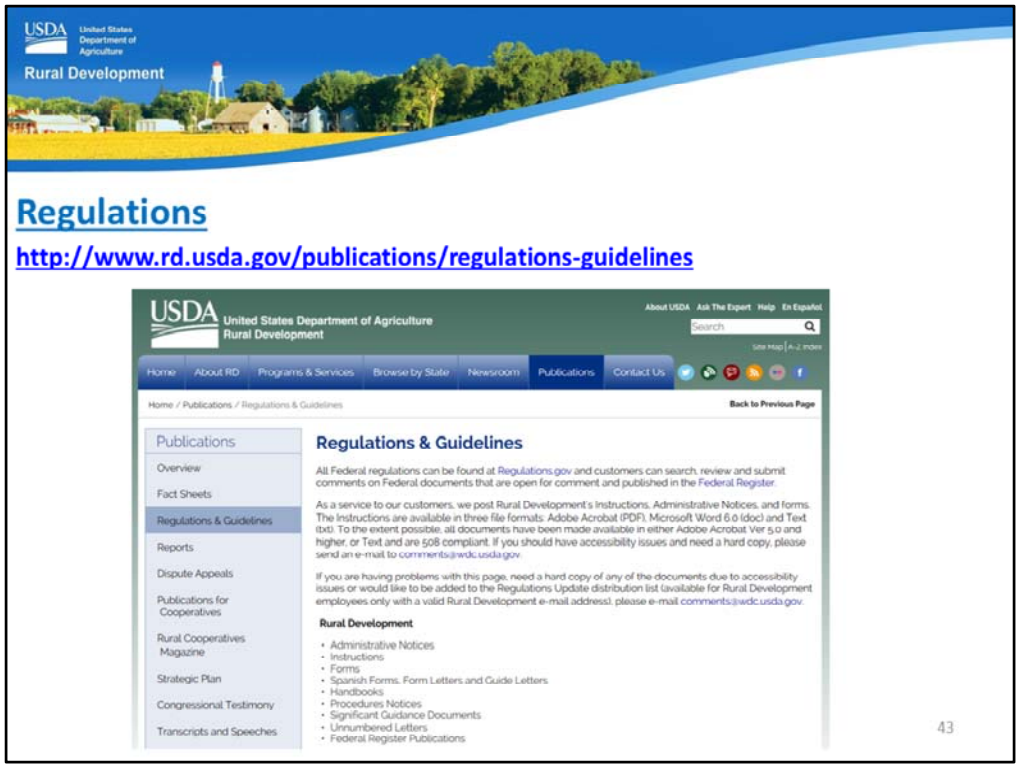
False
The FHA approval/certification must be dated within the previous 12 months prior to lender approval application. This will ensure that USDA is not receiving outdated, expired, or erroneous nformation to support the request.



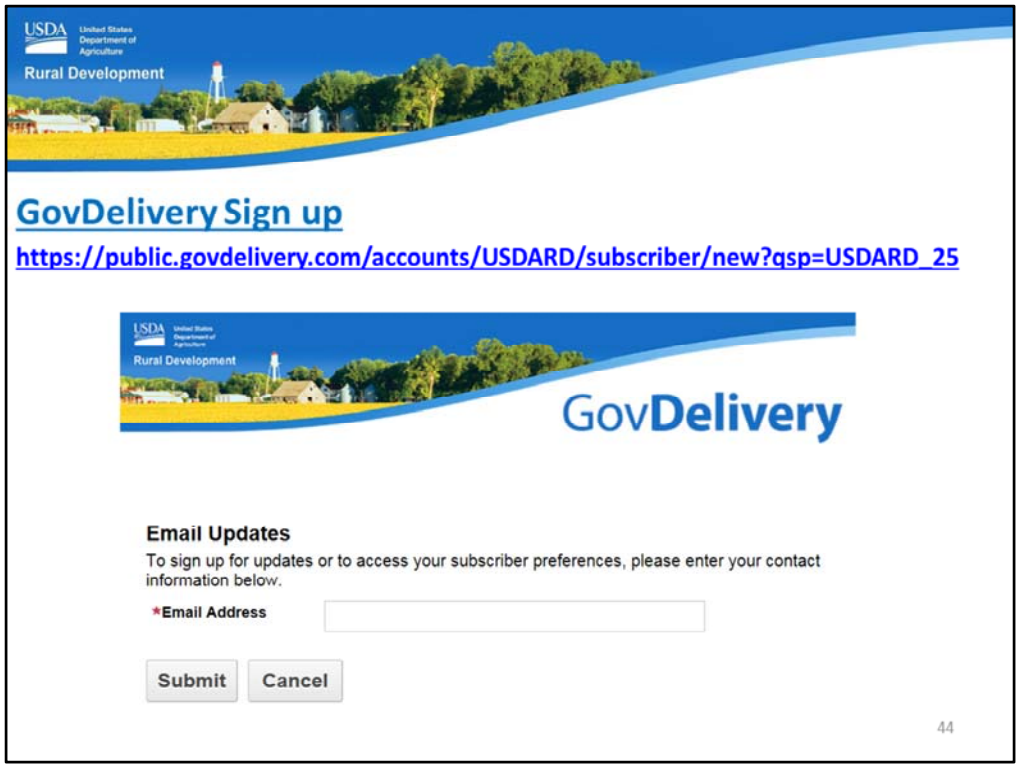
Read the question on the slide and select a response.

True
If Orange Lending was only approved to originate and underwrite USDA loans, then they must ensure they sell the loans to a USDA approved lender that can service and hold these loans.

Way to go! You have completed the learning checks!

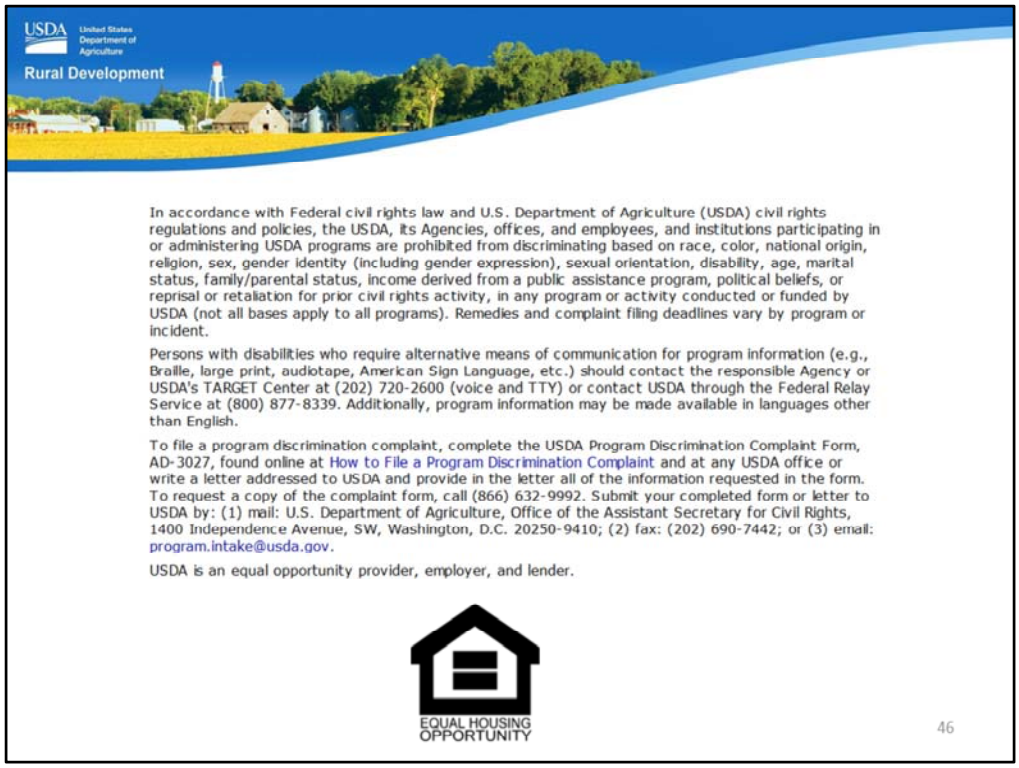


Don't forget the Regulations and Guidelines website is a wonderful source of USDA guideline knowledge.



Please sign up for GovDelivery messages. USDA sends out origination (including GUS) and servicing messages to alert lenders of new publications, clarifications, and additional program updates.

Thank you for supporting the USDA Single Family Housing Guaranteed Loan Program! We appreciate the opportunity to help you serve more rural homebuyers!



This will conclude the training module. Thank you and have a great day!