



**Applicant Eligibility**

**Single Family Housing Guaranteed  
Loan Program**

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Welcome to Applicant Eligibility, presented by USDA's Single Family Housing Guaranteed Loan Program!



**Training Objectives**

- Where is the topic located?
  - \* 7 CFR Part 3555 and HB-1-3555
- Learning Checks
- Resources

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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.



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## Things change!

- Every effort has been made to ensure training references are accurate at the time of publication.
- Always reference the most recent USDA publications available online.

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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.



**Guaranteed Loan Program Regulation**  
**7 CFR Part 3555**

- The regulation is the rule!
- 8 Subparts: A – H
- Appendix 1

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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.

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## 7 CFR Part 3555

<http://www.rd.usda.gov/publications/regulations-guidelines>

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**Publications**

- Overview
- Fact Sheets
- Regulations & Guidelines**
- Reports
- Dispute Appeals
- Publications for Cooperatives
- Rural Cooperatives Magazine
- Strategic Plan
- Congressional Testimony
- Transcripts and Speeches

**Regulations & Guidelines**

All Federal regulations can be found at [Regulations.gov](http://Regulations.gov) and customers can search, review and submit comments on Federal documents that are open for comment and published in the Federal Register.

As a service to our customers, we post Rural Development's Instructions, Administrative Notices, and forms. The Instructions are available in three file formats: Adobe Acrobat (PDF), Microsoft Word 6.0 (doc) and Text (txt). To the extent possible, all documents have been made available in either Adobe Acrobat Ver 5.0 and higher, or Text and are 508 compliant. If you should have accessibility issues and need a hard copy, please send an e-mail to [comments@wdc.usda.gov](mailto:comments@wdc.usda.gov).

If you are having problems with this page, need a hard copy of any of the documents due to accessibility issues or would like to be added to the Regulations Update distribution list (available for Rural Development employees only with a valid Rural Development e-mail address, please e-mail [comments@wdc.usda.gov](mailto:comments@wdc.usda.gov)).

**Rural Development**

- Administrative Notices
- Instructions
- Forms
- Spanish Forms, Form Letters and Guide Letters
- Handbooks**
- Procedures Notices
- Significant Guidance Documents
- Unnumbered Letters
- Federal Register Publications

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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.”

The screenshot shows the USDA Rural Development website. At the top, there is a header with the USDA logo and the text 'United States Department of Agriculture Rural Development'. Below this is a large image of a rural landscape with a water tower and houses. The main heading is '7 CFR Part 3555'. Below the heading is a navigation bar with links for 'Home', 'About RD', 'Programs & Services', 'Browse by State', 'Newsroom', 'Publications', and 'Contact Us'. A search bar is also present. The main content area is divided into two columns. The left column is titled 'Publications' and lists various document types like 'Overview', 'Fact Sheets', 'Regulations & Guidelines', 'Reports', 'Dispute Appeals', 'Publications for Cooperatives', and 'Rural Cooperatives Magazine'. The right column is titled 'Handbooks' and lists several handbooks, with 'HB-1-3555 SFH Guaranteed Loan Program Technical Handbook' highlighted in yellow. To the right of the handbook list is a 'Table of Contents' for the selected handbook, listing chapters from 1 to 20 and appendices from 1 to 10. The page number '6' is visible in the bottom right corner.

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.



**7 CFR Part 3555**

**3555.151** Eligibility requirements.

- (a) Income eligibility.
- (b) Citizenship status.
- (c) Principal residence.
- (d) Adequate dwelling.
- (e) Eligibility of current homeowners.
- (f) Legal capacity.
- (g) Suspension or debarment.
- (h) Repayment ability.
- (i) Credit qualifications.
- (j) Obtaining credit.

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The regulation Table of Contents provides a quick view of the individual topics included under this Section. Applicant eligibility is located in Subpart D, Section 3555.151.

Repayment ability is addressed in the Ratios training module. Credit qualifications is addressed in the Credit Analysis training module.



**7 CFR Part 3555: 3555.151**

Sec. 3555.151 Eligibility requirements.

- (a) Income eligibility. At the time of loan approval, the household's adjusted income must not exceed the applicable moderate income limit. The lender is responsible for documenting the household's income to determine eligibility for the SFHGLP.
- (b) Citizenship status. Applicants must provide evidence acceptable to the Agency of their status as United States citizens, U.S. non-citizen nationals, or qualified aliens, as defined in Sec. 3555.10.
- (c) Principal residence. Applicants must agree and have the ability to occupy the dwelling as their principal residence. The Agency may require evidence of this ability. Rural Development will not guarantee loans for investment properties, or temporary, short-term housing.
- (d) Adequate dwelling. The dwelling must be modest, decent, safe, and sanitary.

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3555.151 outlines the eligibility requirements an applicant must meet to be considered for a guaranteed loan.

1. Their adjusted annual household income may not exceed the limit for the State and County where the property they wish to purchase is located.
2. Applicant's must be U.S. Citizens or be qualified aliens with eligible documentation.
3. The applicant must certify they will inhabit the purchased dwelling as their primary residence. Guaranteed loans are not eligible to be utilized to purchase investment, rental properties, or other ineligible properties.
4. The dwelling must be modest, safe, and sanitary. Modest should be considered as a home that the applicant's meet the repayment requirements for under the regulation.



**7 CFR Part 3555: 3555.151**

(e) Eligibility of current homeowners. Current homeowners may be eligible for guaranteed home loans under this part if all the following conditions are met:

- (1) The applicants are not financially responsible for another Agency guaranteed or direct home loan by the time the guaranteed home loan is closed;
- (2) The current home no longer adequately meets the applicants' needs;
- (3) The applicants will occupy the home financed with the SFHGLP loan as their primary residence;
- (4) The applicants are without sufficient resources or credit to obtain the dwelling on their own without the guarantee;
- (5) No more than one single family housing dwelling other than the one associated with the current loan request may be retained; and
- (6) The applicants must be financially qualified to own more than one home. In order for net rental income from the retained dwelling to be considered for the applicant's repayment ability, the consistency of the rental income must be demonstrated for at least the previous 24 months, and the current lease must be for a term of at least 12 months after the loan is closed.

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If an applicant currently owns a dwelling, additional requirements may apply:

1. The applicant cannot retain a dwelling currently financed with a Section 502 direct or guaranteed loan,
2. The current home retained must not meet the applicant's current housing needs,
3. The applicant must agree to occupy the new dwelling as their primary residence,
4. The applicant must be without the sufficient resources to purchase a dwelling without the need for the guaranteed loan,
5. The applicant may only retain one dwelling in addition to the new residence purchased with a guaranteed loan, and
6. If the applicant is eligible to retain a current dwelling, they must be financially qualified with all housing obligations. If the applicant has been renting the retained home for a minimum of 24 months, with a lease agreement to continue to receive rental payments for a minimum of 12 months after the loan is closed, the current mortgage liability may be omitted from the debt ratio calculation.



**7 CFR Part 3555: 3555.151**

- (f) Legal capacity. Applicants must have the legal capacity to incur the loan obligation, or have a court-appointed guardian or conservator who is empowered to obligate the applicant in real estate matters.
- (g) Suspension or debarment. Applicants who are suspended or debarred from participation in Federal programs under 2 CFR parts 180 and 417 are not eligible for loan guarantees.
- (j) Obtaining credit. The applicant must be unable to obtain traditional conventional mortgage credit, as defined by the Agency, for the subject loan.

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Applicants must have the legal capacity to incur the loan obligation.

They may not be suspended or debarred from participation in Federal programs.

And the applicant must be unable to obtain conventional credit as defined by the Agency, which is typically having a 20 percent downpayment from their own funds plus all money required for closing costs.



**Guaranteed Loan Program Technical Handbook**  
**HB-1-3555**

- Provides guidance to support the regulation
- HB is not the rule
- 20 Chapters

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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.

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# HB-1-3555

**HB-1-3555 SFH Guaranteed Loan Program Technical Handbook**

**Table of Contents**

- Chapter 1** - Overview
- Chapter 2** - Record Retention
- Chapter 3** - Lender Approval
- Chapter 4** - Lender Responsibilities
- Chapter 5** - Origination and Underwriting Overview
- Chapter 6** - Loan Purposes
- Chapter 7** - Loan Terms and Conditions
- Chapter 8** - Applicant Characteristics
- Chapter 9** - Income Analysis
- Chapter 10** - Credit Analysis
- Chapter 11** - Ratio Analysis
- Chapter 12** - Property and Appraisal Requirements
- Chapter 13** - Special Property Types
- Chapter 14** - Funding Priorities
- Chapter 15** - Submitting the Application Package
- Chapter 16** - Closing the Loan and Requesting the Guarantee
- Chapter 17** - Regular Servicing-Performing Loans
- Chapter 18** - Servicing Non-Performing Loans - Accounts with Repayment Problems
- Chapter 19** - Custodial and Real Estate Owned Property
- Chapter 20** - Loss Claims - Collecting on the Guarantee

**Acronyms**

**Glossary**

- Appendix 1** - 7 CFR part 3555
- Appendix 2** - Forms and Instructions
- Appendix 3** - Review and Appeals
- Appendix 4** - Agency and Employee Addresses
- Appendix 5** - Income Limits
- Appendix 6** - Interest Assistance
- Appendix 7** - Calms Access Instructions
- Appendix 8** - EDI Documentation
- Appendix 9** - Penalties
- Appendix 10** - Unnumbered Letter and State Supplements

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The handbook may be accessed from the Regulations and Guidelines website. Applicant eligibility guidance is located in Chapter 8.



**HB-1-3555: Chapter 8**

- CHAPTER 8: APPLICANT CHARACTERISTICS**
  - 8.1 INTRODUCTION
  - 8.2 APPLICANT ELIGIBILITY REQUIREMENTS
    - A. Owning a Dwelling
    - B. Obtaining Credit
    - C. Occupying the Property
    - D. Having a Legal Capacity
    - E. Not Having a Suspension or Debarment
    - F. Having Acceptable Citizenship or Immigration Status
  - 8.3 TRUTHFUL APPLICATION
  - 8.4 ACCESS STEPS TO SAVE

ATTACHMENT 8-A SAVE System Access by Agency Employees

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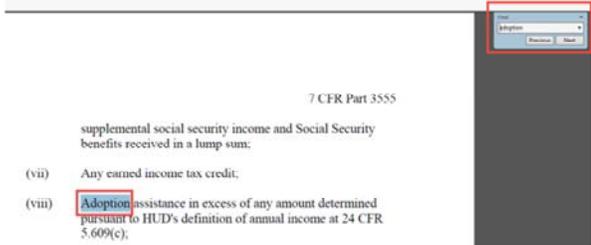
This screen shot displays the Table of Contents of Chapter 8. This helps the user to locate specific topics more quickly.

Based on the review of 3555.151, you can begin to see where the technical handbook may provide additional clarification of the regulation on this topic.

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## TIPS

- Underwriter = USDA Approved Lender
- USDA = not an underwriter
- Research Rule & HB questions: Table of Contents
- Research Rule & HB questions: Control + F



7 CFR Part 3555

supplemental social security income and Social Security benefits received in a lump sum:

- (vii) Any earned income tax credit;
- (viii) **Adoption** assistance in excess of any amount determined pursuant to HUD's definition of annual income at 24 CFR 5.609(c).

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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.



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**7 CFR PART 3555 / HB-1-3555  
LEARNING CHECKS**

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



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## Question Slide

**“Topic”**

- Question will be bulleted with scenario, or
- Include a statement/question

TRUE/FALSE or other answer options will be displayed

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Each question slide will list:

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



**ANSWER SLIDE**

**“Topic”**  
**ANSWER: 7 CFR Part 3555 and HB-1-3555 references provided**

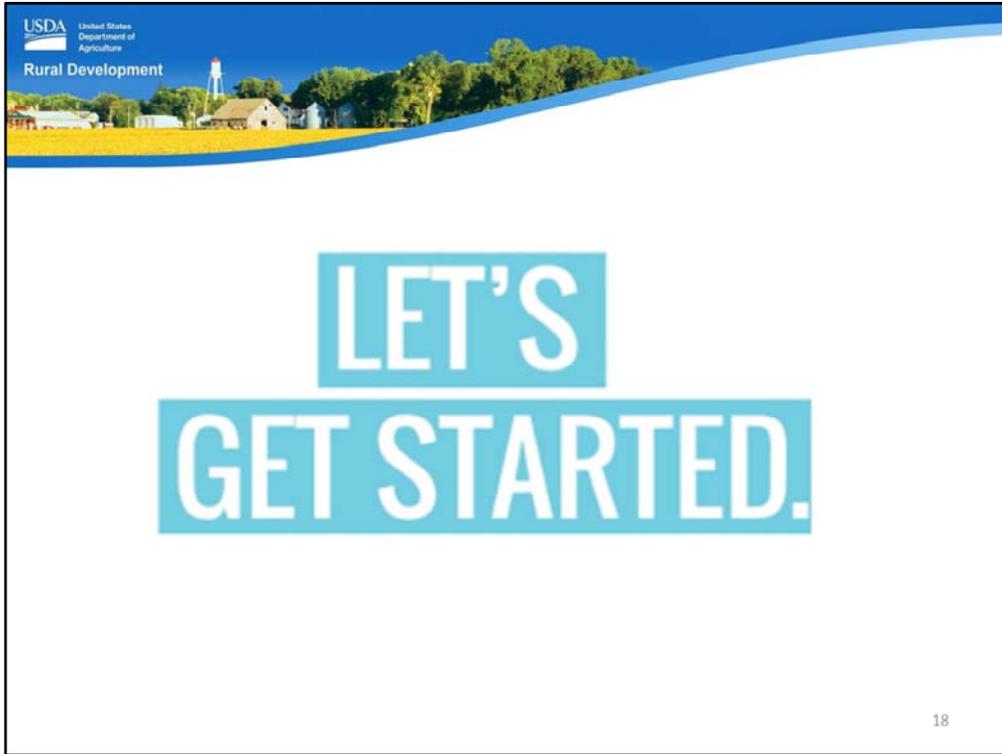
X. Correct Response

- Additional guidance for clarification may be provided

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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!



**Applicant eligibility**

- John marries Jane
- Jane and her 5 children cannot fit in his 2 bedroom home
- John applies for guaranteed loan, but he will retain his current dwelling
- John is not eligible a guaranteed loan

A. TRUE      B. FALSE

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Read the question on the slide and select a response.



**Applicant eligibility**  
**ANSWER: 3555.151(e)(2) and HB 8.2 A**  
B. FALSE

- A 2 bedroom home is inadequate for a household of 7
- Overcrowding would exist in the current dwelling
- The current home PITI must be included in the total debt ratios
- Retained home may not be financed with USDA

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False

A 2 bedroom home is obviously not adequate for a household of 7.

Because John does not have a 24 month history of renting the current dwelling, the lender must include the current mortgage payment and all applicable expenses in the total debt ratio.

This home may not be currently financed with a Section 502 direct or guaranteed loan.



**Applicant eligibility**

- Jane is an active duty military applicant applying for a guaranteed loan with her husband Jack
- She will be deployed within 30 days for a 12 month tour of duty, Jack will remain in the home
- The required occupancy requirements are met

A. TRUE      B. FALSE

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Read the question on the slide and select a response.



**Applicant eligibility**  
**ANSWER: 3555.151(c), HB 8.2 C**  
A. TRUE

- Jack will reside in the property while Jane is deployed
- This home will be Jane's primary residence as well. She will return post-deployment

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True

Jack is part of the household and he will reside in the home as his primary residence while Jane is deployed.

When Jane's deployment ends, she will return to this dwelling as well, and it will continue to be her primary residence.



**Applicant eligibility**

- Household of 3: 2 adults and 1 child (3 years)
- HHM 1: \$55,000 and HHM 2: \$27,000 = \$82,000
- Annual childcare expenses: \$8,500
- Adjusted annual income for 1-4 HHM: \$75,650
- The household is over the income limit and ineligible

A. TRUE      B. FALSE

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Read the question on the slide and select a response.



**Applicant eligibility**  
**ANSWER: 3555.151(a), HB 9.1**

B. FALSE

- \$82,000 - \$8,500 (childcare) - \$480 (dependent deduction) = \$73,020 adjusted annual income
- \$73,020 is below the limit of \$75,650
- Adjusted annual income determines program eligibility
- Refer to the **Adjusted Annual Income** training module

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False

The household earns \$82,000 but they have eligible deductions of \$8,500 for childcare and one dependent deduction of \$480. This will bring their adjusted annual income down to \$73,020.

\$73,020 is below the adjusted annual income limit for this State and County of \$75,650.

Adjusted annual income determines program eligibility for the guaranteed loan program.

Please refer to the training module Adjusted Annual Income for additional information.



**Applicant eligibility**

- Judy is a current guaranteed loan borrower
- She wishes to purchase a new dwelling with a guaranteed loan on July 14<sup>th</sup>
- The sale of her current home will close August 20<sup>th</sup>
- Judy is eligible for a guaranteed loan

A. TRUE      B. FALSE

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Read the question on the slide and select a response.



**Applicant eligibility**  
**ANSWER: 3555.151(e)(1), HB 8.2A**  
B. FALSE

- Applicants may only have one guaranteed or direct loan at a time
- Judy must close on the sale of her current guaranteed home before she purchases the new home

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False

Applicants may only have one Section 502 direct or guaranteed loan at one time.

Judy must close on her current dwelling financed with a guaranteed loan before she can close on the new purchase.



### Applicant eligibility

- Rob owns a home: 2 bedroom, 1 bathroom
- Rob recently married and now has 3 children
- Rob has rented his home for 1 year and moved to a larger rental home that he now wishes to buy with a guaranteed loan
- Rob can use the rental income to qualify for a guaranteed loan

A. TRUE      B. FALSE

Read the question on the slide and select a response.



**Applicant eligibility**  
**ANSWER: 3555.151(e)(6), HB 8.2 A**  
B. FALSE

- Rob must have a minimum 24 month rental history to include this income and exclude the current payment
- Rob appears to meet all other requirements of 3555.151(e)

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False

Rob only has one year of rental income history. The regulation and technical handbook require 24 months of history plus a lease to anticipate rent received for the upcoming 12 months.

Otherwise, Rob appears to meet the additional requirements of 3555.151(e).



**Applicant eligibility**

- Ricky is a resident of the Republic of the Marshall Islands
- He is moving to California and applies for a guaranteed loan
- Ricky is not a U.S. Citizen, and is ineligible for a guaranteed loan

A. TRUE      B. FALSE

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Read the question on the slide and select a response.



**Applicant eligibility**  
**ANSWER: 3555.151(b) and HB 8.2 F**  
B. FALSE

Applicants must have acceptable evidence they are:

- U.S. citizens
- U.S. non-citizen nationals, or
- Qualified aliens

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False

If an applicant is not a U.S. Citizen there are additional eligibility factors. An applicant could be a U.S. non-citizen national or a qualified alien.

Applicant's must be able to provide evidence to support their legal and permanent entry to the United States of America.



**SAVE: Systematic Alien Verification for Entitlement**

- USDA personnel access SAVE directly: Attachment 8-A
- Lenders enter applicable data in GUS: Additional Data application page for non-U.S. citizen eligibility

**Immigration / Naturalization Check**  
(The applicant indicated they are not a U.S. citizen. Immigration/Naturalization information must be provided.)

**1**

1. Select the “Insert Immigration Info”

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USDA offers lenders an online database that is incorporated into the Guaranteed Underwriting System (GUS) which allows them to check the eligibility of a non-U.S. Citizen.

Instructions for USDA personnel to access SAVE is located in Handbook Attachment 8-A.

Lenders may enter the applicable data directing into the “Immigration/Naturalization Check” data fields in GUS that will be available when the “Declarations” are completed to accurately reflect the applicant is not a U.S. Citizen.

Select the “Insert Immigration Info.”

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## SAVE: Systematic Alien Verification for Entitlement

### 2. Select the appropriate documentation type

**Immigration Forms**

The Single Family Housing Guaranteed Loan Program may not permit loans to be guaranteed unless the non-permanent alien is deemed to be a qualified alien. Lenders must secure proof of identity and evidence that non-citizens who apply for a guaranteed loan are qualified aliens. Lenders are required to obtain one of the documents listed below. Once the document is selected (multiple selections are not permitted), users may "SAVE" the page and select "BACK" to return to the Additional Data page in CSIS. *Note:* The Additional Data page will re-appear and require additional fields to be completed by the lender in the immigration / naturalization check section of the page. These additional fields must be completed by the lender prior to selecting the "Verify Eligibility via SAVE" justification.

**Support:** ANRMSA, ARJ

**Documentation that a Non-Citizen is a Qualified Alien**

<input type="checkbox"/>	CS Form I-551	"Alien Registration Receipt Card" (for permanent OR conditional resident aliens)
<input type="checkbox"/>	CS Form I-766	"Employment Authorization Document," with the annotation A3
<input type="checkbox"/>	CS Form I-766	"Employment Authorization Document," with the annotation A3
<input type="checkbox"/>	CS Form I-766	"Employment Authorization Document," with the annotation A13
<input type="checkbox"/>	CS Form I-571	"Refugee Travel Document"
<input type="checkbox"/>	CS Form I-84	Arrival-Departure Record, with the annotation "Admitted as Refugee Pursuant to Section 205"
<input type="checkbox"/>	CS Form I-84	Arrival-Departure Record, with the annotation "Section 205" or "Asylum"
<input type="checkbox"/>	CS Form I-84	Arrival-Departure Record, with the annotation "Section 243(h)" or "Deportation stayed by Attorney General"
<input type="checkbox"/>	CS Form I-84	Arrival-Departure Record, with the annotation "Paroled Pursuant to Section 212(d)(5) of the INA"
<input type="checkbox"/>	CS Form I-84	Arrival-Departure Record, with the annotation "Admitted Under Section 203(a)(7) of the INA"
<input type="checkbox"/>	Form I-84	Arrival-Departure Record, with no annotation, accompanied by a final court decision granting asylum (precluding no appeal taken)
<input type="checkbox"/>	Form I-84	Arrival-Departure Record, with no annotation, accompanied by a letter from a CIS asylum officer granting asylum (if application is filed on or after October 1, 1995) or from a CIS district director granting asylum (if application is filed on or before October 1, 1995)
<input type="checkbox"/>	Form I-84	Arrival-Departure Record, with no annotation, accompanied by a court decision granting withholding of deportation
<input type="checkbox"/>	Form I-84	Arrival-Departure Record, with no annotation, accompanied by a letter from an asylum officer granting withholding of deportation (if application filed on or after October 1, 1995)
<input type="checkbox"/>	Receipt	A receipt issued by the CIS indicating that an application for issuance of a replacement document in one of the above-listed categories has been made and the applicant's entitlement to the document has been verified.
<input type="checkbox"/>	Jay Treaty	Documentation in accordance with HR 1-3555 Chapter 9 2P for Native Americans in the United States under the Jay Treaty
<input type="checkbox"/>	SAVE	Verification (Systematic Alien Verification for Entitlement) has Determined that the applicant is a qualified alien.

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Next, a list of eligible documentation to support the legal and permanent entry of the applicant into the U.S. will display. Select the appropriate documentation from this list by checking the box next to the option supported by the information provided by the applicant.

Then select "Back" from the bottom row of action buttons.

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### SAVE: Systematic Alien Verification for Entitlement

3. Complete applicable data fields based on documentation selected
4. Submit for result

**Immigration / Naturalization Check**  
(The applicant indicated they are not a U.S. citizen. Immigration/Naturalization information must be provided.)

. Amy   **4**

Alien Identification Number

Card Number  **3**

Document Expiration Date

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Based upon the documentation selected, the applicant's name will appear that requires the information to be verified.

For this example an Alien Identification Number is required, along with a Card Number, and a Document Expiration Date.

When all data fields are completed select "Verify Eligibility via SAVE."

GUS will display the rendered determination. If additional information is required, additional research, or another message that requires assistance by the lender, please contact the USDA State Office representative for assistance.



**Applicant eligibility**

- Applicant Joshua L. Smith
- Lender must ensure Joshua is not debarred from doing business with the Federal Government
- Which system should the lender use

A. SAM      B. SAVE

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Read the question on the slide and select a response.



**Applicant eligibility**  
**ANSWER: 3555.151(g) and HB 8.2 E**  
A. SAM

- SAM = System for Award Management
- Operated under U.S. General Services Administration (GSA)
- Applicants may not be suspended or debarred from participation in Federal programs

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Response A

SAM stands for System for Award Management.

This system is operated under the U.S. General Services Administration (GSA).

Applicant's that have claims filed against them by other Federal agencies will be ineligible to receive additional U.S. Government benefits until the suspension or debarment is satisfied.



**SAM: System for Award Management**

1. Log on: [www.sam.gov](http://www.sam.gov) or
2. Access SAM site in GUS from “Additional Data” application page. Lender makes selections, not GUS.

System for Award Management (SAM) indicates a party to the transaction is debarred from business with the Federal government. <sup>(F)</sup>  Yes  No

Date Checked on System For Award Management <sup>(F)</sup>  [System For Award Management\(SAM\)](#)

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SAM is available online at the website displayed on the slide.

SAM is also able to be accessed from the link provided in GUS on the “Additional Data” application page.

When SAM is checked and there is no debarment of any applicant, the lender must respond accordingly to the question presented on this application page and displayed on this slide. Many lenders will read the question as “I checked SAM and all is well = YES.”

But the question states “System for Award Management (SAM) indicates a party to the transaction is debarred from business with the Federal Government.” The lender will want a “No” response to be recorded when there is no debarment or suspension. An incorrect data entry on this date field will render an “Ineligible” underwriting recommendation.

The lender will also record the date they completed the SAM check.



## Applicant eligibility

- Ally has \$25,000 in her savings account
- Purchase price of her home is \$155,000
- Closing costs (excluding upfront guarantee fee): \$3,500
- Ally does not qualify due to her assets

A. TRUE    B. FALSE

Read the question on the slide and select a response.



**Applicant eligibility**  
**ANSWER: 3555.151(j) and HB 8.2 A**  
B. FALSE

- $\$155,000 \times 20\% = \$31,000$
- $\$31,000 + \$3,500$  closing costs =  $\$34,500$
- Ally only has  $\$25,000$ , therefore she is unable to obtain conventional financing as indicated in HB 8.2 A

38

False

A  $\$155,000$  purchase price times 20 percent is  $\$31,000$ .

$\$31,000$  plus  $\$3,500$  for closing costs would require a total cash investment of  $\$34,500$ .

Ally only has  $\$25,000$ , therefore she does not have the required cash to qualify for a typical conventional loan as defined by USDA in handbook 8.2 A.



## Applicant eligibility

- George wishes to buy a \$135,000 home, \$5,000 closing costs
- Assets include: \$150,000 in 401k, \$45,000 in IRA, and \$35,000 in savings account
- George wants the guaranteed loan because he will use \$20,000 of his savings to renovate the new home
- George is eligible for a guaranteed loan

A. TRUE    B. FALSE

Read the question on the slide and select a response.



**Applicant eligibility**  
**ANSWER: 3555.151(j) and HB 8.2 A**  
B. FALSE

- \$135,000 x 20% downpayment = \$27,000
- \$27,000 + \$5,000 closing costs = \$32,000
- George has \$35,000 in savings
- The 401k and IRA are not considered for conventional eligibility due to penalties/non-liquid
- George cannot “ earmark ” funds for repairs, renovation, or debt payment

40

False

George would require a \$27,000 20 percent downpayment plus the \$5,000 of closing costs, for a total investment of \$32,000.

George has \$35,000 in liquid savings.

The 401k and IRA are retirement assets and therefore excluded from consideration for downpayment and closing costs.

Deducting funds from eligible liquid assets for renovations, repairs, furniture, debt payoff, etc. is not authorized under the regulation.



Way to go! You have completed the learning checks!

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## Regulations

<http://www.rd.usda.gov/publications/regulations-guidelines>

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**Regulations & Guidelines**

All Federal regulations can be found at [Regulations.gov](http://Regulations.gov) and customers can search, review and submit comments on Federal documents that are open for comment and published in the Federal Register.

As a service to our customers, we post Rural Development's instructions, Administrative Notices, and forms. The instructions are available in three file formats: Adobe Acrobat (PDF), Microsoft Word 6.0 (doc) and Text (txt). To the extent possible, all documents have been made available in either Adobe Acrobat Ver 5.0 and higher, or Text and are 508 compliant. If you should have accessibility issues and need a hard copy, please send an e-mail to [comments@wdc.usda.gov](mailto:comments@wdc.usda.gov).

If you are having problems with this page, need a hard copy of any of the documents due to accessibility issues or would like to be added to the Regulations Update distribution list (available for Rural Development employees only with a valid Rural Development e-mail address), please e-mail [comments@wdc.usda.gov](mailto:comments@wdc.usda.gov).

**Rural Development**

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

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