



USDA United States
Department of
Agriculture
Rural Development

Refinances

Single Family Housing Guaranteed Loan Program

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Welcome to Refinance training, presented by USDA's Single Family Housing Guaranteed Loan Program!



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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.



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.

The screenshot displays the USDA Rural Development website. At the top, the USDA logo and 'Rural Development' text are visible. Below this, the heading '7 CFR Part 3555' is prominently displayed, followed by the URL <http://www.rd.usda.gov/publications/regulations-guidelines>. The website interface includes a navigation bar with links for Home, About RD, Programs & Services, Browse by State, Newsroom, Publications, and Contact Us. A search bar is located in the top right corner. The main content area is titled 'Regulations & Guidelines' and contains the following text:

All Federal regulations can be found at 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.

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.

Rural Development

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

A sidebar on the left lists various publication categories: Overview, Fact Sheets, Regulations & Guidelines (highlighted), Reports, Dispute Appeals, Publications for Cooperatives, Rural Cooperatives Magazine, Strategic Plan, Congressional Testimony, and Transcripts and Speeches. A 'Back to Previous Page' link is also present in the top right of the content area.

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".

On the right side, there is a "Table of Contents" for the "HB-1-3555 SFH Guaranteed Loan Program Technical Handbook". The contents include:

- 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

Below the table of contents, there is a "Glossary" section with the following items:

- 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 - Callus Access Instructions
- Appendix 8 - EDI Documentation
- Appendix 9 - Penalties
- Appendix 10 - Unnumbered Letter and State Supplements

On the left side, there is a "Publications" menu with options like Overview, Fact Sheets, Regulations & Guidelines, Reports, Dispute Appeals, Publications for Cooperatives, Rural Cooperatives Magazine, and Handbooks. The "Handbooks" section lists several documents, with "HB-1-3555 SFH Guaranteed Loan Program Technical Handbook" highlighted in yellow.

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

Subpart C: Loan Requirements

- **.101: Loan Purposes**
- .102: Loan restrictions
- .103: Maximum loan amount
- .104: Loan terms
- .105: Combination construction and permanent loans
- .107: Application for and issuance of loan guarantee
- .108: Full faith and credit

Refinances are located in Subpart C, Section 3555.101.

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7 CFR Part 3555

3555.101 Loan purposes.

- (a) Eligible purposes.
- (b) Eligible costs.
- (c) Combination construction and permanent loan.
- (d) Refinancing.

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The regulation Table of Contents provides a quick view of the individual topics included under this Section.



7 CFR Part 3555: 3555.101(d)
Eligible Refinance Loan Purposes

- Permanent financing for an interim new construction loan
- The full amount or pay off of a lot or site with a new construction dwelling
- Section 502 Direct and Guaranteed loans

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Eligible refinance loan purposes include:

- Permanent financing for an interim new construction loan utilized when a dwelling was constructed or improved
- The full amount or the balance remaining on a lot or site loan obtained when constructing a new dwelling
- Refinancing a current Section 502 Direct or Guaranteed loan in order to obtain a lower interest rate and mortgage payment.



7 CFR Part 3555: 3555.101(d)
Refinance Types

- Streamlined: Guaranteed loans and Direct loans that have never received subsidy
- Non-Streamlined: Direct and Guaranteed loans
- Streamlined-assist: Direct and Guaranteed loans

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Three types of refinance loans are available:

- Streamlined: Available for Guaranteed loans and Direct loans that have never received subsidy (also known as payment assistance)
- Non-Streamlined: Available for both Direct and Guaranteed loans
- Streamlined-Assist: Available for both Direct and Guaranteed loans



7 CFR Part 3555: 3555.101(d)
Streamlined

- Direct loans (no subsidy received) and Guaranteed loans
- No new appraisal is required
- Loan amount is limited to balance of current loan (including interest) and upfront guarantee fee

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Streamlined refinance highlights (not all inclusive requirements):

- Eligible for guaranteed loans and direct loans that have never received any subsidy payments
- No new appraisal is required
- The loan amount is limited the current loan balance (including accrued interest) and the upfront guarantee fee



7 CFR Part 3555: 3555.101(d)
Non-Streamlined

- Direct and Guaranteed loans
- New appraisal is required
- Loan amount is limited to new appraised value
- Loan may include current balance, eligible closing costs, upfront guarantee fee, etc.
- Subsidy recapture (direct loans) may be financed or subordinated

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Non-Streamlined refinance highlights (not all inclusive requirements):

- Direct and Guaranteed loans are eligible
- New appraisal is required to determine new maximum loan amount
- The new loan amount may include the current loan balance including accrued interest, eligible loan closing costs, the upfront guarantee fee, etc.
- If a direct loan qualifies for subsidy recapture, the amount due may be included in the new loan if the appraised value supports the inclusion. If the subsidy amount cannot be included in the new loan it may be subordinated or paid in full.



7 CFR Part 3555: 3555.101(d)
Streamlined and Non-Streamlined

- New interest rate must be at or below the current rate
- Mortgage must have closed 12 months prior to loan application
- Mortgage must be paid as agreed for 180 days prior to loan application
- Borrowers may be added or deleted from the loan
- Full income and credit documentation required
- Debt to income ratios are calculated, waivers may be requested

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Streamlined and Non-Streamlined refinance highlights: SHARED REQUIREMENTS

- The new interest rate must be at or below the current loan interest rate
- The mortgage must have closed 12 months prior to the loan application request for the refinance
- The mortgage must be paid as agreed for 180 days prior to loan application
- Borrowers may be added or deleted from the current loan
- These refinance loans require full income documentation and credit review.
- Debt to income ratios are also calculated, therefore debt ratio waivers may be requested from USDA.



7 CFR Part 3555: 3555.101(d)
Streamlined-Assist

- Direct and Guaranteed loans
- No appraisal is required (unless for subsidy calculation)
- Loan amount may include current balance (including interest), closing costs, upfront guarantee fee, etc.
- Subsidy recapture due for direct borrowers may not be included in new loan

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Streamlined-Assist refinance highlights (not all inclusive requirements):

- Direct and Guaranteed loans are eligible
- No new appraisal is required
- The loan amount may include the current balance of the existing loan (including accrued interest), eligible loan closing costs, upfront guarantee fee, etc.
- Subsidy recapture due for a direct loan borrower may not be included in the new loan



7 CFR Part 3555: 3555.101(d)
Streamlined-Assist

- Mortgage must have closed 12 months prior to loan application
- Mortgage must be paid as agreed for 12 months prior to loan application
- Interest rate must be at or below current rate
- \$50 net tangible benefit must be achieved
- Borrowers may be added, but not deleted

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Streamlined-Assist refinance highlights (not all inclusive requirements):

- The mortgage must have closed 12 months prior to the request for a refinance loan application
- The mortgage must be paid as agreed for the 12 months prior to loan application
- The interest rate must be at or below the current interest rate
- A \$50 new tangible benefit must be achieved between the current PITI and the new proposed PITI
- New borrowers may be added to the loan, but existing borrowers may not be deleted



**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

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Publications

- Overview
- Fact Sheets
- Regulations & Guidelines
- Reports
- Dispute Appeals
- Publications for Cooperatives
- Rural Cooperatives Magazine

Handbooks

- HB-1-3550 Direct Single Family Housing Loans and Grants - Field Office Handbook
- HB-2-3550 Direct Single Family Housing Loans and Grants - Centralized Service
- HB-1-3555 SFH Guaranteed Loan Program Technical Handbook**
- HB-1-3556 MFH Loan Origination Handbook
- HB-2-3550 MFH Asset Management Handbook
- HB-1-3550 MFH Project Servicing Handbook
- HB-1-3555 Guaranteed Rural Rental Housing Program Origination and Servicing
- Application Information Systems Support Handbook
- HB-1-3550 Direct Single Family Housing Loans and Grants - Field Office Handbook

Table of Contents

- Chapter 1 - Overview
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Acronyms

Glossary

- Appendix 1 - 7 CFR part 3555
- Appendix 2 - Forms and Instructions
- Appendix 3 - Review and Appeals
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- Appendix 10 - Unnumbered Letter and State Supplements

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The handbook may be accessed from the Regulations and Guidelines website. Refinances are located in Chapter 6.



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HB-1-3555

CHAPTER 6: LOAN PURPOSES

- 6.1 INTRODUCTION
- 6.2 ELIGIBLE LOAN PURPOSES
 - A. Acquiring a Site and Dwelling
 - B. Repairs and Rehabilitation
 - C. Reasonable and Customary Expenses Associated with Purchasing a Dwelling
 - D. Refinance**
 - E. Supplemental Loans
- 6.3 PROHIBITED LOAN PURPOSES
- 6.4 AGENCY REVIEW OF LOAN PURPOSES

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This screen displays the Table of Contents of Chapter 6. This helps the user to locate specific topics more quickly.



HB-1-3555: 6.2 D

1. Construction Financing
2. Site without a Dwelling
3. Existing Section 502 Direct & Guaranteed Loans
 - Non-streamlined
 - Streamlined refinance
 - Streamlined assist

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Under HB 6.2 D all of the following topics have additional clarification provided:

1. Construction financing
2. Including the balance of a site/lot utilized to construct a new dwelling
3. All three refinance options: streamlined, non-streamlined, and streamlined-assist



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HB-1-3555: 6.2 D 3
Existing Section 502 Direct & Guaranteed Loans

- a. Loan terms and conditions
- b. Loan application documents
- c. Submission process
- d. Closing costs and lender fees
- e. Upfront guarantee fee
- f. Annual fee
- g. Loan note guarantee issuance requirements
- h. GLS reporting
- i. Funding limitations

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HB 6.2 D 3 includes additional guidance for each piece of the refinance transaction.



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HB-1-3555: 6.2 D

- 4. Existing Section 502 Direct Loans
 - a. Section 502 Leveraged Loans
 - b. Recapture

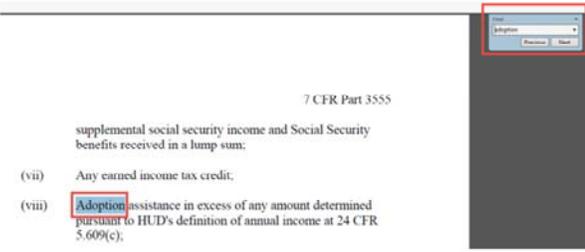
21

HB 6.2 D also includes guidance for existing Section 502 Direct loans. Leveraged loans are ineligible to be refinanced under the current programs. Subsidy recapture is also highlighted.

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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!



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.

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The image is a presentation slide. At the top left, there is a header for the USDA (United States Department of Agriculture) Rural Development. The header features the USDA logo and a photograph of a rural landscape with a yellow field, a white barn, and a water tower under a blue sky. Below the header is a large blackboard graphic with the text "Let's Get Started" written in white chalk. In the bottom right corner of the slide, the number "26" is displayed.

Let's get started!



Refinance opportunities

- Rich has an interim construction loan with ABC Bank
- Rich owes \$12,500 on his lot loan
- Rich can include his lot loan balance into the final permanent loan

A. TRUE B. FALSE

Read the question on the slide and select a response.



Refinance opportunities
ANSWER: 3555.101(d)(1) and (2), HB 6.2 D 1 and D 2
A. TRUE

- The loan must include the site and home for collateral
- Remaining site debt is an eligible loan purpose under 3555.101(b)

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Response A

The lot and site must be included as part of the total collateral.

The cost of the lot or the remaining balance of a debt for the purchase of a lot is an eligible loan purpose under 3555.101(b).



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Refinance opportunities
Which refinance(s) requires an appraisal for an existing guaranteed loan borrower?

- A. Streamlined
- B. Non-Streamlined
- C. Streamlined-assist

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Read the question on the slide and select a response.



Refinance opportunities
ANSWER: 3555.101(d)(i)(A), HB 6.2 D 3

B. Non-Streamlined

- Guaranteed borrowers require a new appraisal to determine the maximum loan amount

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Response B

Guaranteed loan borrowers require a new appraisal for a non-streamlined refinance. The new appraisal will determine the new maximum loan amount that may be considered for the refinance loan.



Refinance opportunities

Which refinance(s) does not allow a current borrower(s) to be removed?

- A. Streamlined
- B. Non-Streamlined
- C. Streamlined-assist

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Read the question on the slide and select a response.



Refinance opportunities
ANSWER: 3555.101(d)(i)(A), HB 6.2 D 3

C. Streamlined-assist

- New borrowers may be added, but original borrowers may not be deleted

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Response C

The streamlined-assist refinance will allow for new borrowers to be added but existing borrowers may not be deleted.

Because debt ratio waiver calculations are not required for this type of refinance, removing borrowers that were considered at the time of loan origination may render the debt ratios dangerously high. In short, what it took two (or more) people to qualify for, one or fewer may be unable to reasonably afford.



Refinance opportunities

Which refinance option allows the upfront guarantee fee to be financed regardless of LTV?

- A. Streamlined
- B. Non-Streamlined
- C. Streamlined-assist
- D. All of the above

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Read the question on the slide and select a response.



Refinance opportunities
ANSWER: 3555.101(d)(i), HB 6.2 D 3

D. All of the above

- The upfront guarantee fee may always be included in the new loan amount

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Response D

Every refinance option allows the upfront guarantee fee to be financed above the appraised value or new loan amount threshold.



Refinance opportunities
Which refinance option allows subsidy recapture to be financed into the new loan amount when eligible?

- A. Streamlined
- B. Non-Streamlined
- C. Streamlined-assist
- D. None of the above

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Read the question on the slide and select a response.



Refinance opportunities
ANSWER: 3555.101(d)(i)(B), HB 6.2 D 3

B. Non-streamlined

- The new appraised value will determine if subsidy is due and if it may be included
- Payoff of subsidy qualifies for a discount on amount due
- Additional refinance options allow subsidy to be subordinated

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Response B

A non-streamlined refinance requires a new appraisal, therefore the collateral value may be high enough to finance the subsidy recapture owed if applicable.

If an applicant decides to pay off the subsidy owned, a discount is applied.

Applicant's that choose alternate refinance programs may still pay the subsidy balance in full or subordinate it as a second lien, which may then become payable at a later time when the time the home is sold or refinanced.



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Refinance opportunities

- Non-streamlined refinance
- Appraised value: \$100,000
- Principal, interest, and subsidy payoff: \$100,000
- What is the maximum loan amount for this refinance?

A. \$100,000 plus upfront guarantee fee

B. \$100,000 plus eligible closing costs and upfront guarantee fee

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Read the question on the slide and select a response.



Refinance opportunities
ANSWER: 3555.101(d)(i), HB 6.2 D 3

A. \$100,000 plus upfront guarantee fee

- Non-streamlined refinance option
- Maximum loan cannot exceed appraised value plus upfront guarantee fee
- Subsidy recapture due is eligible to be financed when there is sufficient equity in the property

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Response A

The non-streamlined option will provide a new appraised value to determine the current value of the collateral as compared to the loan balance and additional fees that may be due.

The maximum loan amount is the appraised value plus the upfront guarantee fee.

If the appraised value allows for the inclusion of the subsidy recapture due, it may be financed.



Refinance opportunities

Which refinance option(s) cannot be processed in GUS?

- A. Streamlined
- B. Non-Streamlined
- C. Streamlined-assist

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Read the question on the slide and select a response.



Refinance opportunities
ANSWER: 3555.101(d)(i), HB 6.2 D 3

C. Streamlined-assist

- Loans must be manually underwritten
- Submit loan documentation electronically to USDA for review

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Response C

At this time streamlined-assist refinance loans may not be processed in GUS. They must be submitted to USDA as manually underwritten loan packages.

The loan package and all documentation may be electronically submitted to USDA for review (no need to pay for special shipping).



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Refinance opportunities

- Ed's current guaranteed loan interest rate is 5.5%
- To qualify for a USDA refinance, his new interest rate must be at 4.5% or below

A. TRUE B. FALSE

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Read the question on the slide and select a response.



Refinance opportunities
ANSWER: 3555.101(d)(ii), HB 6.2 D 3
B. FALSE

- The new interest rate must be at or below 5.5%
- The 100 basis point reduction has been removed from the regulation and HB

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False

All new refinance interest rates must be at or below the interest rate of the current direct or guaranteed loan.

There was a former requirement to ensure the rate was at least 100 basis points below the current interest rate, but this was removed.



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Refinance opportunities

- Cindy has a direct loan in California
- She now lives in Tennessee and wishes to refinance the California home
- Which refinance option(s) is Cindy eligible?

- A. Streamlined
- B. Non-streamlined
- C. Streamlined-assist
- D. None of the above

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Read the question on the slide and select a response.



Refinance opportunities
ANSWER: 3555.101(d)(i), HB 6.2 D 3

D. None of the above

- Applicants must be the owner occupant/primary resident to qualify for any refinance option

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Response D

Cindy is no longer living in the home as her primary residence. This will render her ineligible for any refinance options.



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Refinance opportunities

- Marty wishes to apply for a refinance
- His current loan closed 8 months ago
- Marty is eligible to apply for a guarantee refinance loan

A. TRUE B. FALSE

45

Read the question on the slide and select a response.



Refinance opportunities
ANSWER: 3555.101(d)(i), HB 6.2 D 3
B. FALSE

- All loans must have closed a minimum of 12 months prior to the date of loan application

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False

Before a loan may be considered for a refinance program, it must have closed a minimum of 12 months prior to the date of loan application to request a refinance.



Refinance opportunities

- Kim applies for a streamlined-assist refinance
- Her debt ratio will exceed 41%
- A debt ratio waiver request must be submitted to USDA

A. TRUE B. FALSE

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Read the question on the slide and select a response.



Refinance opportunities
ANSWER: 3555.101(d)(i), HB 6.2 D 3
B. FALSE

- Streamlined-assist loans do not require ratio calculations
- No debt ratio waivers are required

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False

Streamlined-assist loans do not require debt ratio calculations. Therefore no waiver will ever be required by USDA from the lender.



Refinance opportunities

- Streamlined-assist refinance loan
- Current PITI: \$755
- New PITI: \$659
- This refinance achieves the required net tangible benefit

A. TRUE B. FALSE

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Read the question on the slide and select a response.



Refinance opportunities
ANSWER: 3555.101(d)(i), HB 6.2 D 3
A. TRUE

- Current PITI: \$755 – New PITI \$659 = \$96
- New PITI must be a minimum of \$50 less than the current PITI
- The applicable annual fee must be included in the PITI calculation

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True

The current total PITI payment is \$755, with a new proposed total PITI payment of \$659.
 $\$755 - \$659 = \$96$

The new total PITI payment must be a minimum of \$50 less than the current PITI. In this example the net tangible benefit will exceed the required \$50 at \$96.

The PITI must include the annual fee, applicable HOA fees, etc.



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Refinance Option Overview

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To assist in outlining the specific requirements for each of the three refinance options has been detailed in a comparison document that was delivered to all GovDelivery subscribers. USDA offices are also authorized to distribute this document as well.



Requirement	Non-streamlined	Streamlined	Streamlined-assist
Maximum Loan Amount	Cannot exceed new appraised value plus upfront guarantee fee. <ul style="list-style-type: none"> Principal & interest Closing costs Funds to establish tax and insurance escrow Subsidy recapture due 	Cannot exceed original loan amount. <ul style="list-style-type: none"> Principal & interest Re-conveyance fee Upfront guarantee fee 	<ul style="list-style-type: none"> Principal & interest Closing costs Funds to establish tax and insurance escrow Upfront guarantee fee
Appraisal	Yes	Only direct borrowers that received subsidy	Only direct borrowers that received subsidy
30 year loan term	Yes	Yes	Yes
Fixed interest rate at or below interest rate of current loan	Yes	Yes	Yes
Add/Remove Borrowers (one original borrower must remain)	Yes	Yes	Add borrowers only
Seasoning: Loan must have closed 12 months prior to loan request to USDA	Yes	Yes	Yes
Credit	<ul style="list-style-type: none"> Loan paid as agreed 180 days prior to loan request to USDA Requirements of Chapter 10 	<ul style="list-style-type: none"> Loan paid as agreed 180 days prior to loan request to USDA Requirements of Chapter 10 	<ul style="list-style-type: none"> Loan paid as agreed 12 months prior to loan request to USDA
Ratios	<ul style="list-style-type: none"> GUS Accept GUS Refer with debt ratio waiver to meet HB Chapter 11 	<ul style="list-style-type: none"> GUS Accept GUS Refer with debt ratio waiver to meet HB Chapter 11 	<ul style="list-style-type: none"> No ratio calculation required

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The requirement for each refinance is listed on the left. The columns are organized in the order of non-streamlined, streamlined, and streamlined-assist. This is a snap shot of page 1.



Requirement	Non-streamlined	Streamlined	Streamlined-assist
Can GUS be utilized?	Yes	Yes	No
Include subsidy recapture?	Yes, if appraised value supports	No	No
Net tangible benefit required?	No	No	Yes \$50 or greater reduction in new PITI (including annual fee) as compared to current PITI payment
Owner occupied status required	Yes	Yes	Yes
Meet adjusted annual income limitation	Yes	Yes	Yes
Subordinate "silent" seconds or subsidy recapture due?	Yes	Yes	Yes
Late mortgage fees eligible to be refinanced	No	No	No
Properties now in ineligible rural areas continue to be eligible?	Yes	Yes	Yes
Eligible to refinance a Direct Leveraged loan?	No	No	No

This is page 2.



**Section 502 Direct and Guaranteed Loan Refinance
Complete Loan Application Submission**

**Attachment 15-A must be utilized to submit complete loan applications to USDA for review.
The following is provided as a guide to assist lenders in assembling refinance applications.**

GUS ACCEPT UW RECOMMENDATION			
Loan Documentation	Non-streamlined	Streamlined	Streamlined-assist
Form RD 3595-21	X	X	Ineligible to be processed in GUS.
Final GUS UW Findings Report	X	X	
Evidence of qualified alien, if applicable	X	X	
Appraisal	X	Only for direct loans that have received subsidy	
Credit report	X	X	
Credit report for Non-purchasing spouse, if applicable	X	X	

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To help assist lenders in submitting a complete refinance loan application, each refinance type is listed. Loan documentation is listed on the left. If this documentation is required for the refinance type, it will be indicated with an “X.” This is a look at part of page 1 for GUS Accept Underwriting Recommendations.



GUS REFER, REFER WITH CAUTION UW RECOMMENDATION AND MANUALLY UW LOAN

Loan Documentation	Non-streamlined	Streamlined	Streamlined-assist
Form RD 3555-21	X	X	X
Final GUS UW Findings Report	X	X	N/A
Underwriting analysis	X	X	\$50 net tangible benefit may documented on this form (optional).
Evidence of qualified alien, if applicable	X	X	X
Appraisal	X	Only for a direct loan that have received subsidy.	Only for a direct loan that have received subsidy.
Credit report	X Review credit and verify mortgage payment history.	X Review credit and verify mortgage payment history.	Not required, but credit report may be used to document previous 12 month payment history of mortgage. No additional credit review is required.
Credit report for Non-purchasing spouse, if applicable	X	X	N/A

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These requirements are for GUS Refer, Refer with Caution, and Manually underwritten loans.

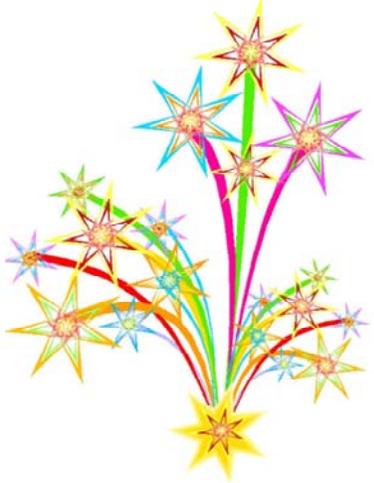


Credit waiver	X If applicable	X If applicable	N/A
Debt ratio waiver	X	X	N/A No debt ratio calculations
Uniform Residential Loan Application	X	X	X
Full Income Documentation for all adult household members (includes 4506-T)	X	X	X
Asset documentation	X If applicable	X If applicable	X If applicable

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This slide concludes the requirements for the Refer and manually underwritten loan files.

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WAY TO GO!

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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 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@rdc.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@rdc.usda.gov.

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- 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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Don't forget the Regulations and Guidelines website is a treasure trove of USDA guideline knowledge.

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



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

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