

# SFH Guaranteed Origination

March 31, 2023

## Updates to HB-1-3555, Chapters 4 and 6

The Single Family Housing Guaranteed Loan Program (SFHGLP) is pleased to announce revisions to technical [Handbook-1-3555](#), Chapter 4, Lender Responsibilities, and Chapter 6, Loan Purposes. These changes became effective upon the recent issuance of a [Procedure Notice \(PN\)](#). Below are the highlighted revisions:

### *Chapter 4 Lender Responsibilities*

- Paragraph 4.2 was revised to add guidance on Conflicts of Interest, clarifying that employees that have an impact on the mortgage transaction are prohibited from having multiple roles or multiple sources of compensation, either directly or indirectly, from a single Rural Development transaction. In addition, guidance was added clarifying that employees who are also the applicant may not participate in any part of the loan process on behalf of the lender.
- Paragraph 4.12 was revised to update the link to the Lender Loan Closing (LLC) User Guide.

### *Chapter 6 Loan Purposes*

- Paragraph 6.2C was revised to add environmental inspections as an eligible loan cost, replaced the term seller concessions with interested party concessions, and clarified that funds provided by the seller for repairs are not included in the 6% interested party concession limitation, but must be held in an escrow account.
- Paragraph 6.2D was revised to clarify that existing borrowers on the current mortgage note must remain on the refinanced loan to be consistent with Attachment 6-A and clarified that lenders are required to complete annual income calculations to ensure the allowable maximum income limit is not exceeded.