

U.S. DEPARTMENT OF AGRICULTURE
RURAL DEVELOPMENT
Washington, D.C 20250

MANUAL ISSUE No.
WSAL PN 592
DATE
September 27, 2023

PROCEDURE NOTICE

RD MANUAL CHANGES

INSERT RD INS 440.1
(WSAL)

**INTEREST RATES, AMORTIZATION,
GUARANTEE FEE, ANNUAL CHARGE, AND
FIXED PERIOD.** This Instruction is
partially revised as follows:

Exhibit B is partially revised to update the Treasury Judgement rate and the effective date of October 1, 2023.

REMOVE

Exhibit B:
Pages 1 & 2 dated 09-15-23

INSERT

Exhibit B:
[Pages 1 & 2 revised 09-27-23.](#)

RD HANDBOOK CHANGES

INSERT RD HB-1-3555
(WSAL)

**GUARANTEED LOAN PROGRAM TECHNICAL
HANDBOOK.** This Handbook is partially
revised. The specific revisions
are outlined below.

Chapter 9:

Revisions are required to implement new asset balance guidance as decided upon by the SFHGLP Credit Policy Committee (CPC), to provide guidance on how GUS auto calculates net rental income, to clarify that comingled business/personal accounts need to be considered in household assets, and to clarify that IRS transcripts must be requested timely and retained in lender's permanent loan file. Additionally, updates were made to reference applicant (singular) to applicants (plural) and replace "application date" with "submission to the Agency."

Paragraph 9.3, Annual Income, IRS Transcripts: Verification of Income

- Clarified that although loan closings may proceed without transcripts, lenders are responsible for obtaining transcripts for their files, and the request for transcripts must be made timely.
- Removed the last paragraph regarding adult household members without social security numbers.

Paragraph 9.4, Calculating Income from Assets

- Added that if applicants own a business, the lender needs to verify that assets are not transferred from a personal account to a business account and vice versa. The accounts should function separately. If the accounts are co-mingled, the assets would need to be included in the calculation of net family assets.

Attachment 9-A, Income and Documentation Matrix, Rental Income

- Added that unless manually overwritten, GUS auto-calculates net rental income by employing a 25% vacancy factor.

(CON.)

RD HANDBOOK CHANGES
INSERT RD HB-1-3555 (Con.)Chapter 9:**Attachment 9-A, Assets and Reserves**

- Added clarification that when assets are entered into GUS and used as reserves, lenders must ensure that the funds are available to the applicants post-closing.
- Clarified that unverified funds are not an acceptable source of funds for down payment, closing costs, etc.
- Updated guidance for "Business Accounts" and "Depository Accounts" to state that lenders must use the balance as reflected on the most current bank statement or Verification of Deposit (VOD), if the date on the VOD is after the bank statement, for reserves.
- Clarified the sourcing requirements for gift funds.

Attachment 9-C, Example Case Study

- Revised example to include a scenario where household members have assets that exceed \$50,000 to demonstrate the appropriate calculation that would apply.

Chapter 10:

The following updates were made to HB-1-3555, Chapter 10 to make clarifications within the chapter and update the Agency's credit eligibility requirements for a complete loan file submission. Additionally, minor grammatical and formatting edits were made to be consistent with other handbook chapter revisions.

Attachment 10-A Credit Matrix: Credit Matrix

- Corrected the word "contradictory" notated under "ALL GUARANTEED LOANS".

Attachment 10-A Credit Matrix: Credit Inquiries/Recent Debts/Undisclosed debts

- Added guidance that for undisclosed debts not listed on the loan application but discovered during the mortgage loan application process must be manually entered into GUS.

Attachment 10-A Credit Matrix: Overdraft/Non-Sufficient Funds (NSF)

- Added guidance, including the definition for both overdraft and non-sufficient funds (NSF), lenders may choose to include these types of fees in their monthly debt, and that underwriters should consider these types of events in their credit decisions.

Attachment 10-A Credit Matrix: Chapter 7 Bankruptcy

- Added language to clarify that per 7 CFR 3555.151(i)(3) for manually submitted loans with a bankruptcy debt that was discharged within the previous 36 months is considered significant derogatory credit.
- The word "dismissed" has been removed from the same guidance as discharged bankruptcy cases as it appears to conflict with 7 CFR 3555.151(i)(3); dismissed cases are not addressed in the CFR. Dismissed bankruptcy cases has been addressed in a separate sentence.

(CON.)

RD HANDBOOK CHANGES

INSERT RD HB-1-3555 (Con.)

Attachment 10-A Credit Matrix: Credit Matrix: Chapter 11, 12, or 13 Bankruptcy

- Added language to clarify that for GUS Refer, Refer with Caution, and manually underwritten files, the lender must obtain documentation to verify that the 12 months of the debt restructure plan has elapsed and retain in their permanent loan file.

Attachment 10-A Credit Matrix: Delinquent Court Ordered Child Support

- Added "In all cases, the lender must provide certification of the applicant's eligibility as part of the application submission. Any documentation obtained to support the lender's certification to the Agency will be retained in the lender's permanent loan file."

Attachment 10-A Credit Matrix: Delinquent Federal Non-Tax Debt

- Added "The lender must provide certification of the applicant's eligibility to the Agency at final submission. Any documentation obtained to support the lender's certification to the Agency will be retained in the lender's permanent loan file."

Attachment 10-A Credit Matrix: Federal Taxes

- Added that proof of repayment plan(s) is required when an applicant has more than one with IRS and a minimum of three timely payments is required on each active repayment plan(s).
- Added language to clarify that an applicant with multiple approved IRS repayment plan(s) are eligible but the approved lender's underwriter must review and determine if the applicant(s) is an acceptable credit risk.
- Added language that the lender must provide certification of the applicant's eligibility to the Agency as part of the application submission. Evidence of the repayment agreement(s) and payment history used to support the lender's certification to the Agency will be retained in the lender's permanent loan file.

Attachment 10-A Credit Matrix: Disputed Accounts: Non-Derogatory

- Revised language referring to "GUS Accept recommendations" and "downgrading" to match the current GUS FICO Rule.

Attachment 10-A Credit Matrix: Foreclosure or Repossession

- Revised language to clarify that foreclosures or repossession can refer to any type of "property".
- Added language to clarify that per 7 CFR 3555.151(i)(3) for manually submitted loans with a foreclosure or repossession that was discharged within 36 months prior to the date of application is considered significant derogatory credit and the lender must retain documentation in their permanent loan file.

Attachment 10-A - Credit Matrix: Previous USDA Loss

- Added language that a previous USDA loss within the last seven years is considered significant derogatory credit.

(CON.)

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INSERT RD HB-1-3555 (Con.)

Attachment 10-A - Credit Matrix: Rent/Mortgage Payment History

- Added guidance that would apply to "All Guaranteed Loans" to address that underwriters should review and evaluate the risk factors associated with applicants who will be paying a higher proposed mortgage payment compared to their existing housing payment.
- Added language to clarify that all housing payments entered in GUS should be verified and documented including those payments made within the previous 12 months. Applicants with no verifiable history of housing payments are not automatically ineligible. However, it will be the approved lender's responsibility to review available documentation to determine if the applicant has acceptable credit history and meets program guidance.
- Added guidance for documenting of rent or mortgage payments received from family members or other interested party must include 12 months of canceled checks, money order receipts, or electronic payment confirmations.
- Added language to clarify that per 7 CFR 3555.151(i)(3) for manually submitted loans with a rent payment paid 30 or more days late within the last 12 months, the lender must submit documentation to the Agency at final submission.

REMOVE

Chapter 9 dated 03-09-16:
Pages 9-1 thru 9-12,
Attachment 9-A,
Attachment 9-C,
Attachment 9-E; and
Chapter 10 dated 02-23-12:
Pages 10-1 thru 10-3.
Attachment 10-A.

INSERT

Chapter 9 dated 03-09-16:
[Pages 9-1 thru 9-12](#),
[Attachment 9-A revised](#),
[Attachment 9-C revised](#),
[Attachment 9-E revised](#); and
Chapter 10 dated 02-23-12:
[Pages 10-1 thru 1-3 revised](#),
[Attachment 10-A revised 09-27-23](#).

RD HANDBOOK CHANGES
INSERT RD HB-3-3560
(WSAL)

MFH PROJECT SERVICING HANDBOOK. This Handbook is partially and these changes are the result of input the Agency received from stakeholder listening sessions.

REMOVE

Table of Contents:
Page 23;
Chapter 15 dated 02-22-05:
Attachment 15-C,
Attachment 15-C-2,
Attachment 15-C-3,
Attachment 15-C-4, and
Attachment 15-C-7.

INSERT

Table of Contents:
[Page 23 revised](#);
Chapter 15 dated 02-24-05:
[Attachment 15-C revised](#),
[Attachment 15-C-2 revised](#), and
[Attachment 15-C-3 added 09-27-23](#).