

SFH Guaranteed Origination

January 5, 2024

Updates to HB-1-3555, Chapters 4 and 11

The Single Family Housing Guaranteed Loan Program (SFHGLP) is pleased to announce revisions to technical [Handbook-1-3555](#), Chapter 4, Lender Responsibilities; and Chapter 11, Ratio Analysis. These changes became effective upon the recent issuance of a [Procedure Notice \(PN\)](#). Below are the highlighted revisions:

Chapter 4 – Lender Responsibilities

- Updated the point of contact for submission of Form RD 3555-11, Lender Record Change.
- Provided the definition of negligent servicing.
- Added additional clarification to the conditions in which the Agency may seek indemnification and how loss claims will be considered for loans subject to indemnification.
- Provided Agency contact information for various topics (reporting mortgage fraud, ESR system, etc.).

Chapter 11 – Ratio Analysis

- Revised the terminology in Section 11.2 to mirror the verbiage on the Uniform Residential Loan Application.
- Clarified that if an amount other than what is reflected on the credit report is used in the Total Debt Ratio, the lender should provide documentation of the amount utilized.
- Clarified that when a balloon/deferred payment loan is due within 12 months, the lender must evaluate the complete loan application to determine the applicant's repayment ability.
- Clarified that a copy of the executed escrow agreement for temporary buydown accounts must be retained in the lender's permanent loan file.