

## **CHAPTER 3: LENDER APPROVAL**

### **7 CFR 3555.51**

#### **3.1 INTRODUCTION**

A lender is defined as an entity that originates, services, or holds a loan guaranteed by the Agency.

The Single Family Housing Guaranteed Loan Program (SFHGLP) is not intended to promote risky lending. For its success, the program relies on lenders to make sound underwriting decisions. Because the Agency does not underwrite the loans it guarantees, lenders that apply for loan guarantees must originate, underwrite, service, and hold loans responsibly. To ensure that these standards are met, the Agency must approve a lender before it participates in the SFHGLP. To be approved, a lender must agree to follow the Agency's program guidelines and consistently demonstrate high-quality in the areas of loan origination, underwriting, servicing, and reporting. Once the Agency has approved the lender, it may participate in the program as long as it maintains these standards and continues to follow all program requirements. The Agency periodically monitors approved lenders to verify that continued program participation is warranted.

#### **3.2 LENDER APPROVAL CRITERIA [7 CFR 3555.51]**

A lender must demonstrate that it has the expertise to make and/or service single-family housing mortgage loans.

Lenders that have been approved for single-family housing loan-making activities by organizations referenced in Paragraph A of this section are considered to have demonstrated the ability to originate, underwrite, and service SFHGLP loans. In all other cases, the Agency determines whether a lender is qualified by reviewing the lender's history, along with other documentation.

In all cases, lenders are required to provide evidence that all principal officers have a minimum of two years of experience in originating or servicing guaranteed mortgage loans. In addition, all guaranteed lenders must be registered in the System for Award Management (SAM) system, which is validated by the Agency in the lender approval process.

##### **A. Approval from Another Recognized Source**

Acceptable documentation includes a copy of the official letter or other verifiable communication from an acceptable secondary market organization or other Federal government agency showing that the lender is approved for participation by that entity. The lender must also provide the additional documentation listed in Attachment 3-A,

*Lender Approval Checklist.* The Agency reviews and confirms the information submitted by the lender.

Acceptable secondary market organizations, Federal government, and state agencies include:

- A State Housing Finance Agency (SHFA). Evidence that a private sector lender is approved by a SHFA to participate in SHFA programs does not represent an automatic approval to participate in the guaranteed program.
- The U.S. Department of Housing and Urban Development-Federal Housing Administration (HUD-FHA), when the lender is approved as a supervised or non-supervised mortgagee with Direct Endorsement Authority for title II lending activity.
- Government National Mortgage Association (Ginnie Mae), when the lender is an issuer of Ginnie Mae mortgage-backed securities.
- The U.S. Department of Veterans Affairs (VA), when the lender is a supervised lender or is approved as a supervised or non-supervised mortgagee with the authority to close loans under VA's automatic guaranty procedure.
- Fannie Mae, when the lender is approved for single-family loan activities.
- Freddie Mac, when the lender is approved for single-family loan activities.

The Agency may revoke a lender's approval to participate in the SFHGLP if the lender fails to maintain the appropriate eligibility status or violates the terms and conditions of the Agency's lender agreement.

#### **B. Approval by Demonstrated Ability**

A lender that does not meet the conditions of Paragraph 3.2A may seek approval by demonstrating its ability to originate and/or service sound loans. In such a case, the lender must meet the following criteria:

- Be overseen by a Federal regulator, be a Farm Credit System (FCS) institution, be an active participant with an approved lender agreement in another USDA guaranteed loan program, or meet the requirements for demonstrated ability, as outlined in this section;
- Have a minimum adjusted net worth of \$250,000, or \$50,000 in working capital plus one percent of the total volume in excess of \$25 million in guaranteed loans originated, serviced, or purchased during the lender's prior fiscal year, up to a maximum required adjusted net worth of \$2.5 million; and

- Have one or more lines of credit with a minimum aggregate of one million dollars.

### ***1. Federal Oversight***

A lender that is a federally regulated depository institution may be considered for participation in the SFHGLP. The lender must provide an official letter, or other verifiable communication, from the oversight authority that indicates the lender's ability to process, underwrite, and service single-family residential mortgage loans. The documentation must confirm that Federal oversight is being provided by one of the following Federal oversight entities:

- The Federal Reserve System;
- The Office of the Comptroller of the Currency (OCC);
- The Federal Deposit Insurance Corporation (FDIC);
- The National Credit Union Administration (NCUA); or
- The Federal Housing Finance Board regulating lenders within the Federal Home Loan Bank (FHLB) system.

### ***2. Experience with a USDA Program or Farm Credit System***

A Farm Credit System institution or lender participating in certain other USDA programs is eligible to participate in the SFHGLP if it can also demonstrate experience in underwriting and servicing single-family residential mortgage lending. Lenders meeting these criteria include:

- An FCS lender with direct lending authority; or
- A lender participating in other Rural Housing Service, Rural Business-Cooperative Service, Rural Utilities Service, or Farm Service Agency guaranteed loan programs that has an active lender agreement.

### ***3. Demonstrated Ability***

The lender must have a proven ability to originate, underwrite, and/or service single-family mortgage loans and must have a staff with adequate knowledge and expertise in these areas. Expert knowledge and experience in residential mortgage lending may be demonstrated through the following documentation:

- **A summary of residential mortgage lending activity.** At a minimum, the

summary must include the dollar amount and number of residential mortgage loans in its loan origination and servicing portfolio, along with percentages of delinquencies, foreclosures, and credit losses. The Agency will examine the summary to verify that the lender's performance is comparable to that of other participating lenders in good standing.

- **Written criteria that outline the policies and procedures the lender typically follows when originating, underwriting, and closing residential mortgage loans.** The quality control system must ensure that the lender demonstrates safe and sound lending practices including, but not limited to, the analysis and review of appraisals and other factors affecting property values, credit analysis and review, and income analysis and review. In addition, the policies and procedures must comply with all applicable laws and regulations such as the Equal Credit Opportunity Act (ECOA), the Real Estate Settlement Procedures Act (RESPA), and the Home Mortgage Disclosure Act (HMDA).
- **Evidence that the lender has an experienced loan underwriter on staff.** The lender must provide a copy of the underwriter's signed resume showing that the underwriter has at least two years of experience in underwriting single family residential loans, and is knowledgeable of the principles, practices, and techniques of residential mortgage lending.

#### ***4. Additional Requirements for Originating Lenders that do not Service Loans***

A lender that does not intend to service SFHGLP loans must certify that it will contract with an Agency-approved lender that agrees to follow all Agency servicing requirements, and that has the capacity to hold funds for taxes and insurance in escrow. Originating lenders should be prepared to escrow funds for taxes and insurance when required to repurchase loans.

#### ***5. Additional Requirements for Lenders Servicing Loans***

If the lender intends to service SFHGLP loans, the lender must provide the following additional documentation:

- **Written criteria concerning the policies and procedures for servicing residential mortgage loans.** The Agency will review these policies and procedures to determine if escrow accounts are handled in compliance with RESPA, and that all other applicable laws and regulations, such as the Fair Credit Reporting Act (FCRA), are followed.

- **Evidence of a written plan if the lender contracts for escrow services.** If a lender does not have an escrow system for taxes and insurance, it must submit a written plan to the Agency for ensuring that taxes and insurance for mortgage loans are paid when due.
- **Evidence that the lender has serviced single-family residential mortgage loans in the year before applying for Agency approval.** This documentation should include the number and dollar amount of the loans in the lender's portfolio, the number and percentage of loans in default (categorized by 30-60-90-days late, in bankruptcy, and in foreclosure), and the number, percentage, and dollar amounts of loans on which losses have been paid.

The Agency reserves the right to re-evaluate a lender's status from time to time. Lenders who fail to follow established guidelines for real estate taxes and hazard insurance premiums, or other conditions of the lender's agreement, may have their lender approval revoked by the Agency. The lender may be required to provide information to support continued Agency approval, similar to the documentation provided with its initial application.

### **C. Participation as an Agent of an Approved Lender**

A lender that does not meet the requirements for Agency approval may participate in the program as the agent of a lender approved by Rural Development. The lender approved by Rural Development must designate the agent in writing and state the functions that the agent performs on its behalf. The agent may be permitted to originate the loan and close it in their name as long as the loan was reviewed by the approved lender and is transferred to the approved lender immediately upon closing and prior to issuance of a Loan Note Guarantee. The lender approved by Rural Development is responsible for ensuring that its agent's loan origination, underwriting, and closing activities are in accordance with Agency standards. The Conditional Commitment for Loan Note Guarantee and the Loan Note Guarantee will be issued to the approved lender.

## **3.3 APPLICATION**

Lenders will submit Form RD 3555-16, *Agreement for Participation in Single-Family Housing Guaranteed/Insured Loan Programs of the United States Government*, and the necessary supporting documentation as outlined in Attachment 3-A, *Lender Approval Checklist*, to the Loan Servicing Branch at [sfhglpservicing@usda.gov](mailto:sfhglpservicing@usda.gov).

#### **A. Quality Control Plan**

Reliable and effective quality control (QC) programs are essential to a lender's success in the mortgage industry. Quality control begins prior to application intake and continues through the mortgage process. The purpose of quality control is to monitor and evaluate the integrity of the origination and servicing processes and is customized to the lender's organization, circumstances, and needs. The quality control plan must contain the necessary controls as required by other recognized sources noted in Section 3.2A of this chapter. At a minimum, the lender's plan should include all of the following:

- Mission Statement or stated objective.
- Describe the lender's participation with other Federal agencies, such as the Department of Treasury and any other investors or partners. Include a statement that the lender plans to operate within USDA Rural Housing Service guidelines.
- Written procedures for documenting a re-verification process. This includes implementing a sampling methodology that consists of a representative sample of Rural Development loans, has a consistent and timely review process, and addresses document retention.
- A post-closing review process describing how a sampling of loans are independently reviewed for adherence to lending guidelines.
- A quality control team that operates independently from loan origination, underwriting, and servicing functions; or contracts out this function. If contracted out, the lender must adequately monitor the performance of the contractor.
- Describe the separation of duties between the loan production staff and quality control staff. Under no circumstances should the quality control review staff be involved in the day-to day loan production.
- Describe the standard operating procedures for all employees who will be involved with, or affected by, the quality control process.
- Describe the timelines of internal quality control reviews, including the percentage of loans reviewed and the frequency of the quality control reviews. For example, 10% of closed loans are independently reviewed each quarter by a quality assurance specialist who was not involved in underwriting and closing those loans.
- Quality control reviews should include a description of how appraisals or property evaluation reports are reviewed.

## Paragraph 3.3 Application

- Written procedures to report violations of laws or regulations, false statements, and program abuses directly to appropriate authorities in a timely manner. Information regarding violations must be reported to the Loan Servicing Branch at [sfhglpservicing@usda.gov](mailto:sfhglpservicing@usda.gov).
- Ensure adequate quality control and data integrity checks are included for loans processed through automated underwriting systems on a regular and timely basis.
- Ensure adequate monitoring of all vendors, contractors, and third-party providers involved in the origination process (e.g. mortgage brokers, correspondents, appraisers, and credit agencies).
- Identify training opportunities for lender staff.

**B. Additional Requirements for Quality Control Plans for Servicing Lenders**

Quality control plans for servicing lenders must contain the required information identified in Section 3.3A, as well as address the following:

- How escrows are handled for taxes, hazard, and flood insurance (if applicable).
- How funds are applied when payments are received for principal and interest, hazard and flood insurance, and taxes.
- What happens if excess funds are collected in escrow.

**3.4 AGENCY REVIEW**

The Agency review of the lender's application includes the following:

- Ensuring that all required documents have been submitted and are completed correctly. Incomplete applications cannot be approved, and the lender will be advised of the omission(s) in writing.
- Form RD 3555-16 has been properly executed by a person authorized to bind the lender to the terms stated on the form.
- Evidence that the lender's demonstrated ability is consistent with the requirements of this chapter.
- Evidence that neither the lender nor any of the lender's principal officers have been suspended or debarred from participation in Federal programs.

- Evidence that the lender's approval status with Fannie Mae, Freddie Mac, HUD, VA, or another acceptable Government Agency is active at the time of the application to the Agency.
- Verification the lender is registered in SAM.

#### **A. Approval of Application [7 CFR 3555.52]**

##### ***1. Pre-Approval***

If the lender meets the criteria for an approved lender and provides the supporting documentation as outlined in Attachment 3-A, the Agency will issue an approval notice to the lender. Final approval is dependent upon the lender and all origination and underwriting staff involved with the SFHGLP completing mandatory training. The Agency will provide additional information on access to mandatory trainings as part of the lender approval process. The purpose of the training is to provide an overview of the SFHGLP objectives, lender responsibilities, required loan documentation, and the process to obtain a Loan Note Guarantee. Any additional staff hired after the initial lender approval should also complete all mandatory trainings.

##### ***2. Final Approval***

Upon completion of all mandatory trainings by the lender, the Agency will update the lender pages of GLS and forward the lender a copy of the executed Form RD 3555-16, notifying the lender of their approval to participate in the SFHGLP. The lender may begin participating in the program once final approval is obtained.

New lenders will be subject to an oversight review, as outlined in Paragraph 3.8 of this chapter.

#### **B. Denial of Application**

If the lender does not qualify for participation in the program, the Agency will provide written justification along with appeal rights in accordance with Appendix 3 of this Handbook.

A lender who does not meet the criteria to participate in the program as an approved lender may act as an agent for an approved lender, as described in Paragraph 3.2C.

#### **C. Record Retention**

Lender approval files will be maintained and retained in accordance with Chapter 2.



### 3.5 LENDER SALE OF GUARANTEED LOANS [7 CFR 3555.54]

SFHGLP loans can only be sold to lenders meeting the requirements of Paragraph 3.2. The purchasing lender must execute Form RD 3555-16 or have an approved Form RD 3555-16 on file. The selling lender is responsible for providing the original Loan Note Guarantee to the purchasing lender and must report the sale of the guarantee on Form RD 3555-11, *Guaranteed Rural Housing Lender Record Change*, within 30 days of the sale in accordance with Chapter 4, Paragraph 4.6.

### 3.6 LENDER RESPONSIBILITY

The lender will be responsible for the processing and servicing of the loan and may use third party originators, such as agents or correspondents, in carrying out its responsibilities. Lenders are fully responsible for their own actions and the actions of those acting on the lender's behalf. The approved lender must adhere to SFHGLP guidelines as outlined in Chapter 4, Paragraph 4.8.

- **Processing.** The lender must abide by restrictions on loan purposes, loan limitations, interest rates, and terms set forth in 7 CFR 3555 and this Handbook. The lender will underwrite the loan and submit the necessary items as outlined in Chapter 15 in order to receive a Conditional Commitment. The agent may close the loan in its name, provided the loan is immediately transferred to the approved lender to whom the guarantee will be issued.
- **Servicing.** Lenders are fully responsible for regular and default servicing and maintaining security interest for all guaranteed loans. Regular and default servicing requirements are outlined in Chapters 17 through 19 of this Handbook. When servicing is subserviced to a third party, the lender will inform Rural Development of the name and address of the servicer by utilizing Form RD 3555-11.

### 3.7 EDUCATION AND OUTREACH

#### A. Lenders

Rural Development has developed a series of educational modules for the SFHGLP which are available on the USDA Linc Training and Resource Library, located at <https://www.rd.usda.gov/resources/usda-linc-training-resource-library>. These educational modules are available in addition to the mandatory lender trainings utilized for lender approval and recertification. Additional resources can be accessed on the

Agency's SFHGLP web page located at <https://www.rd.usda.gov/programs-services/single-family-housing-guaranteed-loan-program>.

## **B. Agency**

The Agency will conduct outreach and lender education activities to encourage eligible lending institutions to apply for approved lender status, as eligible rural homebuyers benefit when their choice of lending institutions includes mortgage bankers, mortgage brokers, credit unions, Federal Home Loan Banks, etc.

The Agency has Guaranteed training programs available. Lenders should contact the Lender and Partner Activities Branch at [sfhgld.lenderpartner@usda.gov](mailto:sfhgld.lenderpartner@usda.gov) to request individual trainings.

## **3.8 MONITORING A LENDER'S ORIGINATION AND SERVICING OF LOANS [7 CFR 3555.51]**

Rural Development will conduct oversight reviews of the lender's operations as provided in this section. Form RD 3555-16 outlines the responsibilities and terms to maintain approval for the SFHGLP. If Rural Development determines that the lender is not fulfilling the obligations of Form RD 3555-16, or that the lender fails to meet the required criteria, the lender will receive written notice of any deficiencies. If the lender is unwilling or unable to correct the deficiencies, Rural Development will proceed with termination as provided in Paragraph 3.9.

Form RD 3555-16 requires the lender to provide records pertaining to the SFHGLP for review by the Agency. The Agency will conduct an oversight review on a periodic basis as defined in Paragraph B of this section. Oversight reviews assist in Agency risk management and validate that lenders are complying with SFHGLP regulations. Oversight reviews include the examination of lender policies and procedures, cash management practices, and individual borrower case files (loan origination and servicing records, liquidation, and claim files).

### **A. Review Circumstances and Factors**

- **New Lender Oversight Review.** Rural Development may review loans originated by a newly eligible lender to ensure understanding of Agency regulations. Thereafter, the lender will be subject to a review provided in Paragraph 3.8B.
- **Other reviews.** Rural Development may elect to conduct more frequent oversight reviews when major trends or weaknesses, such as loan delinquencies, loan losses, failure to submit required data and reports, or other influencing

## Paragraph 3.8 Monitoring A Lender's Origination and Servicing of Loans

factors related to assuring that the Government's interest is adequately protected, have been noted, regardless of the volume of loans originated or serviced.

### **B. Conducting Oversight Reviews**

Oversight reviews will be performed on each lender as noted in this section. Oversight reviews may be conducted as an on-site review at the lender location or as a desk review at a site determined by the Agency. The review should be conducted by Agency staff or a designated representative that is knowledgeable of the lender functions to be reviewed. Rural Development will determine the amount of time that is needed to conduct the review. The review team members will utilize the Oversight Review Guide when planning, conducting, and reporting reviews.

Three standards reviews may be performed:

- **Loan origination review.** A loan origination review is applicable to lenders who perform all or a portion of the following functions: underwriting, processing, and closing.
- **Loan servicing review.** A loan servicing review is applicable to a servicer which is performing all or a portion of the following functions: reporting, loss mitigation, loss claims, and property disposition.
- **Expanded review.** An expanded review is performed for lenders and servicers that are both originating and servicing loans.

Oversight review findings will be communicated to the lender and/or servicer verbally and in writing. The reviewers will work with the lender and/or servicer to correct any findings identified. The clearance and follow-up process commences upon issuance of the findings report by the Agency or their representative. Upon closure of the review, or expiration of any follow-up period, a report will be prepared summarizing the review performed. A copy of all oversight review reports will be maintained in the Electronic Customer File (ECF) system.

## **3.9 LENDER RECERTIFICATION AND REVOKING LENDER ELIGIBILITY**

The lender remains eligible as long as the lender meets the criteria in Paragraph 3.2 of this chapter unless the lender's status is revoked by Rural Development or another Federal Agency. The Agency is required to review each approved lender's eligibility at least every two years, which includes verifying the lender has registered in SAM and completed the mandatory recertification training. All approved lenders are required to recertify their status by responding to the renewal notification email, sent to the lender, within the timeframe provided.

Rural Development may terminate the lender's approval due to noncompliance with any of the eligibility requirements described in 7 CFR 3555.51. Status may also be revoked if the lender violates the terms of Form RD 3555-16, fails to properly service any guaranteed loan, or fails to adequately protect the interests of the lender and the Government. In addition to revocation of eligible lender status, the lender may be debarred by Rural Development, or may be required to indemnify Rural Development for any losses paid.

If Rural Development terminates a lender's approval, the lender will have 30 days from the date of receipt of the Agency's notification to appeal the decision. Refer to Appendix 3 of this Handbook for additional information regarding appeal procedures. Notifications will be sent electronically to the email point of contact on file, marked with a read receipt. If the email is returned as "undeliverable," the Agency will contact the lender by phone to obtain a current point of contact. The email notice will then be sent to this individual with a read receipt. Read receipt notifications will be saved in the Agency's records as evidence that the lender was sent notice that they no longer met approved lender status. Agency staff will update GLS by removing the lender designation and any authorizations. Closed lender eligibility files will be retained in accordance with RD Instruction 2033-A.

### **3.10 VOLUNTARY WITHDRAWAL**

The lender may voluntarily withdraw from participation in the SFHGLP. Lenders must notify the Agency of their intent to withdraw participation, along with a plan to transfer their Agency book of business where pending, unclosed Conditional Commitments, and loans serviced or held are transferred to another approved lender participating in the SFHGLP.

## ATTACHMENT 3-A LENDER APPROVAL CHECKLIST

Section 3555.51 of 7 CFR Part 3555 and Chapter 3 of this Handbook describe the qualifications required to become an Agency approved lender. Other entities may participate as an approved lender's agent or correspondent, but only approved lenders are responsible for underwriting and servicing and may hold the Loan Note Guarantee on a Rural Development guaranteed loan. Lenders may utilize the following checklist to ensure a complete application is submitted. Requests must contain all of the following information, in the order listed, and be submitted to Loan Servicing Branch at [sfhglpservicing@usda.gov](mailto:sfhglpservicing@usda.gov).

### Lender Approval Checklist USDA Rural Development

Lender Information											
Name:				TAX ID:							
DBA Name(s), if applicable. Use separate sheet for any additional DBAs:											
Geographic Address:		Mailing Address (if different)		Phone:							
				Fax:							
				County:							
Chartered State/Headquarters:											
Website:		Company E-Mail:									
Contact Person	Name:	Phone:		E-Mail:							
	Title:	Fax:									
<b>Minority/Women-Owned Business (Optional)</b>		<input type="checkbox"/> Minority-Owned <input type="checkbox"/> Women-Owned <input type="checkbox"/> Minority-Owned/ Women-Owned									
<b>Provide the following information for all principal officers, directors, and senior managers. Additional sheets may be attached, if necessary.</b>											
Legal Full Name, including M.I.		Title/Physical Location									
Lender Functions		Lender Type (Select Applicable):									
<input type="checkbox"/> Originate <input type="checkbox"/> Underwrite  <input type="checkbox"/> Service <input type="checkbox"/> Own	<table style="width: 100%; border: none;"> <tr> <td style="width: 33%; vertical-align: top;"> <input type="checkbox"/> Commercial Bank  <input type="checkbox"/> Mortgage Loan Co  <input type="checkbox"/> Insurance Co  <input type="checkbox"/> Farm Credit System               </td> <td style="width: 33%; vertical-align: top;"> <input type="checkbox"/> Credit Union  <input type="checkbox"/> Savings Bank  <input type="checkbox"/> Banks for Co-Ops  <input type="checkbox"/> State Housing Finance Agency               </td> <td style="width: 33%; vertical-align: top;"> <input type="checkbox"/> CDFI  <input type="checkbox"/> Non-traditional  <input type="checkbox"/> USDA Agency  <input type="checkbox"/> Specialty Servicer               </td> </tr> <tr> <td colspan="3" style="padding: 5px; vertical-align: top;"> <input type="checkbox"/> Others               </td> </tr> </table>					<input type="checkbox"/> Commercial Bank <input type="checkbox"/> Mortgage Loan Co <input type="checkbox"/> Insurance Co <input type="checkbox"/> Farm Credit System	<input type="checkbox"/> Credit Union <input type="checkbox"/> Savings Bank <input type="checkbox"/> Banks for Co-Ops <input type="checkbox"/> State Housing Finance Agency	<input type="checkbox"/> CDFI <input type="checkbox"/> Non-traditional <input type="checkbox"/> USDA Agency <input type="checkbox"/> Specialty Servicer	<input type="checkbox"/> Others		
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<input type="checkbox"/> Others											

Current eligibility designations [Section 3.2 of HB-3555 Chapter 3]:		
<input checked="" type="checkbox"/> Agency Certifications (Select applicable)	Preferred Method of Evidence/Certification (Submit as supplemental information)	Applicable Agency Assigned Identification
<input type="checkbox"/> Fannie Mae	Fannie Mae Form 582, "Annual Eligibility Certification Report"	
<input type="checkbox"/> Freddie Mac	Freddie Mac Form 16SF, "Annual Eligibility Certification Report"	
<input type="checkbox"/> U.S. Department of Housing and Urban Development – Federal Housing Administration (HUD-FHA)	Letter showing lender approved by HUD as a Title II supervised or non-supervised mortgagee for submission of one to four family housing applications for Federal Housing Mortgage Insurance or as an issuer of Ginnie Mae mortgage backed securities "supervised" or "non-supervised."	
<input type="checkbox"/> U.S. Department of Veterans Affairs (VA)	Letter showing lender approved as a supervised or non-supervised "automatic" mortgagee with direct lending authority for VA	
<input type="checkbox"/> State Housing Finance Agency (SFHA)	N/A	
<input type="checkbox"/> Farm Credit Service (FCS)	<input type="checkbox"/> Lender must have direct lending authority. Provide Membership letter. <input type="checkbox"/> Financial statements that demonstrate the lender meets the financial requirements described in Section 3.2B.	
<input type="checkbox"/> Lenders participating in USDA guaranteed loan programs.	<input type="checkbox"/> Copy of executed agreement showing approval by Rural Housing Service, Rural Business and Cooperative Service, Rural Utilities Programs and/or the Farm Service Agency. <input type="checkbox"/> Financial statements that demonstrate the lender meets the financial requirements described in Section 3.2B.	
<input type="checkbox"/> Evidence of Federal oversight (if applicable)	<input type="checkbox"/> Evidence and supporting documentation per Section 3.2 of Chapter 3 of Federal oversight by any of the following: <ul style="list-style-type: none"> <li><input type="checkbox"/> The Federal Reserve System;</li> <li><input type="checkbox"/> The Office of the Comptroller of the Currency (OCC);</li> <li><input type="checkbox"/> The Federal Deposit Insurance Corporation (FDIC);</li> <li><input type="checkbox"/> The National Credit Union Administration (NCUA); or</li> <li><input type="checkbox"/> The Federal Housing Finance Board regulating lenders within the Federal Home Loan Bank (FHLB) system.</li> </ul> <input type="checkbox"/> Financial statements that demonstrate the lender meets the financial requirements described in Section 3.2B.	
<input type="checkbox"/> Evidence of demonstrated ability in underwriting and/or servicing (if applicable).	<input type="checkbox"/> A summary of residential mortgage lending activity. <input type="checkbox"/> Written criteria that outline the policies and procedures the lender typically follows when originating, underwriting, and closing residential mortgage loans. <input type="checkbox"/> Evidence that the lender has an experienced loan underwriter on staff. <input type="checkbox"/> Financial statements that demonstrate the lender meets the financial requirements described in Section 3.2B.	

  

List of Supplemental Information to be Submitted with Lender Approval Checklist [Check the box to indicate that each required document has been included with the lender approval request package.]		
1. Form RD 3555-16	Agreement for Participation in Single-Family Housing Guaranteed/Insured Loan Programs of the United States Government (Lender Agreement). <a href="https://formsadmin.sc.egov.usda.gov/eFormsAdmin/welcomeAction.do?Home">https://formsadmin.sc.egov.usda.gov/eFormsAdmin/welcomeAction.do?Home</a>	<input type="checkbox"/>
2. Resume	Evidence of Underwriter's qualifications and experience in the industry and evidence that all principal officers have a minimum of two years of experience in originating or servicing guaranteed mortgage loans.	<input type="checkbox"/>
3. Retail Lender – Spreadsheet	If your firm is a <b>retail lender</b> , provide complete contact information (addresses, telephone numbers, fax numbers, and e-mail addresses) for your branch locations, loan processing/underwriting departments, loan servicing, and a contact person for loan production. Information assists in populating Rural Development's lender record database.	<input type="checkbox"/>
4. Wholesale Lender or Servicing Lender-Spreadsheet	If your firm is a <b>wholesale lender</b> or a <b>servicing lender</b> , provide a general description of your services (loan processing, underwriting, table funding, loan servicing, real estate owned (REO) disposition, etc.) and provide complete contact information (address, telephone number, fax number, and e-mail addresses) for your various departments, including regional account executives.	<input type="checkbox"/>
5. Underwriting Outline	A brief outline of underwriting criteria from the lender's internal loan policy manual. Include a statement to use forms approved by the Federal Housing Administration (FHA), Fannie Mae, or Freddie Mac.	<input type="checkbox"/>

6. Quality Control Plan	<p>General requirements for quality control plans:</p> <ul style="list-style-type: none"> <li>• Must be in writing outlining policies and procedures along with any forms and checklists used in the process.</li> <li>• Lender's Mission Statement or stated objective.</li> <li>• Employees must operate independently of loan origination and servicing departments, or the lender/servicer may contract out this function. If this function is contracted out, the lender must adequately monitor the performance of the contractor.</li> <li>• Identify how escrows are handled for taxes, hazard, and flood insurance (if applicable).</li> <li>• Identify what happens if excess funds are collected in escrow.</li> <li>• Have procedures to report non-compliance to the highest levels of management. May be monthly or, at the least, a quarterly basis.</li> <li>• Have procedures to report non-compliance or suspected misrepresentation to the appropriate regulatory authorities.</li> <li>• Identify training opportunities for lender/servicer staff.</li> <li>• Set timeframes for review and follow-up procedures.</li> <li>• Have procedures in place to monitor any third party originators (TPOs).</li> <li>• Include a consistent process to sample select and review SFHGLP loans.</li> </ul>	<input type="checkbox"/>
7. Training Certification	New Mandatory Lender Training	<input type="checkbox"/>
<b>Certifications/Acknowledgments</b>		
I certify I am a corporate officer and/or principal/owner of the above-named entity with the authority to legally bind the organization and to execute certifications and acknowledgements on behalf of the entity/organization named. I certify information provided and any accompanying documentation is true and accurate to the best of my knowledge and belief.		
Name:	Title:	
Signature:	Date:	
<p><b>Send the executed Lender Agreement, Checklist, and Supplemental Information to <a href="mailto:sfhglpservicing@usda.gov">sfhglpservicing@usda.gov</a>.</b></p>		