



Section 502 Single Family Housing Options to Refinance Direct and Guaranteed Loans

Requirements for all refinance loans

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| <ul style="list-style-type: none"> • Current loan must be a 502 direct or guaranteed loan • 30 year loan term • Fixed interest rate at or below the current interest rate and must not exceed the maximum limit set forth in 3555.104(a) • Late fees are not eligible to be included in the new loan amount • Subsidy recapture may be paid or subordinated to the new first lien (direct loans only) • Cash out from collateral equity is not an eligible loan purpose. | <ul style="list-style-type: none"> • The loan must have closed 12 months prior to loan application for the refinance • Property must be owner occupied • Household must meet applicable adjusted annual household limit • Properties located in ineligible rural areas remain eligible for refinance • USDA Leveraged Loans are ineligible • Remaining funds at loan closing that may occur due to final real estate tax and/or insurance calculations may be returned to the borrower at loan closing. |
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| Requirement | Non-streamlined | Streamlined | Streamlined-assist |
|---|---|--|--|
| Appraisal | Yes | <ul style="list-style-type: none"> • Only for direct loans that received subsidy to calculate recapture | <ul style="list-style-type: none"> • Only for direct loans that received subsidy to calculate recapture |
| Maximum Loan Amount, eligible loan costs listed | Cannot exceed new appraised value. <ul style="list-style-type: none"> • Principal & Interest • Closing costs • Funds to establish tax and insurance escrow • Upfront guarantee fee • Subsidy recapture due | Cannot exceed original loan amount. <ul style="list-style-type: none"> • Principal & Interest • Re-conveyance fee • Upfront guarantee fee | New loan amount may include: <ul style="list-style-type: none"> • Principal & Interest • Closing costs • Funds to establish tax and insurance escrow • Upfront guarantee fee |
| Add/Remove Borrowers (one original borrower must remain) | Yes | Yes | <ul style="list-style-type: none"> • Add borrowers only • Only deceased borrowers may be removed |
| Credit | <ul style="list-style-type: none"> • Loan paid as agreed 180 days prior to loan application • Requirements of Chapter 10 | <ul style="list-style-type: none"> • Loan paid as agreed 180 days prior to loan application • Requirements of Chapter 10 | <ul style="list-style-type: none"> • Loan paid as agreed 12 months prior to loan application |

| Requirement | Non-streamlined | Streamlined | Streamlined-assist |
|---------------|---|---|---|
| Ratios | <ul style="list-style-type: none"> GUS Accept, no debt ratio waiver required GUS Refer, debt ratio waiver to meet HB Chapter 11 | <ul style="list-style-type: none"> GUS Accept, no debt ratio waiver required GUS Refer, debt ratio waiver to meet HB Chapter 11 | <ul style="list-style-type: none"> No ratio calculation required |

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| Can GUS be utilized? | Yes | Yes | No |
| Include subsidy recapture? | <ul style="list-style-type: none"> Yes, if appraised value supports | No | No |
| Net tangible benefit required? | No | No | Yes <ul style="list-style-type: none"> \$50 or greater reduction in new PITI (including annual fee) as compared to current PITI payment |
| Subordinate “silent” seconds or subsidy recapture due? | Yes | Yes | Yes |

| Resources |
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| <p>The following resources are available:</p> <p>7 CFR Part 3555: https://www.rd.usda.gov/files/3555-1appendix01.pdf</p> <p>HB-1-3555: https://www.rd.usda.gov/publications/regulations-guidelines/handbooks#hb13555</p> <p>USDA LINC Training and Resource Library: https://www.rd.usda.gov/programs-services/lenders/usda-linc-training-resource-library</p> <p>Property and Income Eligibility: http://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do</p> <p>List of USDA State Office e-mail boxes to deliver manually underwritten loan files or manual loan closing submissions: https://usdalinc.sc.egov.usda.gov/docs/rd/sfh/lenderloanclosing/lender/Electronic Doc Delivery Non GUS loans.pdf</p> <p>Questions regarding direct loan subsidy recapture may contact the USDA Customer Service Center (CSC): 1-800-414-1226</p> |



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

HB-1-3555, Chapter 15 Attachment 15-A must be utilized to submit complete refinance loan applications to USDA for review.

GUS ACCEPT UW RECOMMENDATION

| Loan Documentation | Non-streamlined | Streamlined | Streamlined-assist |
|--|-----------------|--|--|
| Form RD 3555-21 | X | X | <ul style="list-style-type: none"> 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 received subsidy to calculate recapture | |
| Credit report | X | X | |
| Credit report for Non-purchasing spouse, if applicable | X | X | |
| | | | |

GUS REFER, REFER WITH CAUTION, GUS ACCEPT w/full documentation requirement UW RECOMMENDATIONS, 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 | |
| Underwriting analysis | X | X | <ul style="list-style-type: none"> \$50 net tangible benefit (principal, interest, and annual fee) may be documented on this form or elsewhere in application. |

GUS REFER, REFER WITH CAUTION, GUS ACCEPT w/full documentation requirement UW RECOMMENDATIONS, AND MANUALLY UW LOAN (continued)

| Loan Documentation | Non-streamlined | Streamlined | Streamlined-assist |
|--|---|--|--|
| Evidence of qualified alien, if applicable | X | X | X |
| Appraisal | X | <ul style="list-style-type: none"> Only for direct loans that received subsidy to calculate recapture | <ul style="list-style-type: none"> Only for direct loans that received subsidy to calculate recapture |
| Credit report | X Review credit and verify mortgage payment history. | X Review credit and verify mortgage payment history. | <ul style="list-style-type: none"> Not required, but credit report may be used to document previous 12 month payment history of mortgage. A Verification of Mortgage completed by the servicing lender is also acceptable. No additional credit review is required. |
| Credit report for Non-purchasing spouse, if applicable | X | X | |
| Credit waiver | X If applicable | X If applicable | |
| Debt ratio waiver | X | X | <ul style="list-style-type: none"> 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 |