



Maximum Loan Amount

Single Family Housing Guaranteed Loan Program



United States
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Rural Development



Training Objectives

- Where is the topic located?
 - * 7 CFR Part 3555 and HB-1-3555
- Learning Checks
- Resources



Things change!

- Every effort has been made to ensure training references are accurate at the time of publication.
- Always reference the most recent USDA publications available online.



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Guaranteed Loan Program Regulation


7 CFR Part 3555

- The regulation is the rule!
- 8 Subparts: A – H
- Appendix 1




7 CFR Part 3555

<http://www.rd.usda.gov/publications/regulations-guidelines>





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7 CFR Part 3555








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[HB-1-3550](#) Direct Single Family Housing Loans and Grants - Field Office Handbook

[HB-2-3550](#) Direct Single Family Housing Loans and Grants - Centralized Servicing Center Handbook

[HB-1-3555](#) SFH Guaranteed Loan Program Technical Handbook

[HB-1-3560](#) MFH Loan Origination Handbook

[HB-2-3560](#) MFH Asset Management Handbook

[HB-3-3560](#) MFH Project Servicing Handbook

[HB-1-3565](#) Guaranteed Rural Rental Housing Program Origination and Servicing Handbook

Application Information Systems Support Handbook

[HB-1-3550](#) Direct Single Family Housing Loans and Grants - Field Office Handbook

HB-1-3555 SFH Guaranteed Loan Program Technical Handbook

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7 CFR Part 3555

Subpart C: Loan Requirements

- .101: Loan Purposes
- .102: Loan restrictions
- **.103: Maximum loan amount**
- .104: Loan terms
- .105: Combination construction and permanent loans
- .107: Application for and issuance of loan guarantee
- .108: Full faith and credit



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7 CFR Part 3555

- 3555.103 Maximum loan amount.
- (a) Market value.
 - (b) Purchase price and acquisition costs.
 - (c) Newly constructed dwelling – limited to 90 percent.



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Guaranteed Loan Program Technical Handbook

HB-1-3555

- Provides guidance to support the regulation
- HB is not the rule
- 20 Chapters



HB-1-3555

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HB-1-3555

CHAPTER 7: LOAN TERMS AND CONDITIONS

7.1 INTRODUCTION

7.2 MAXIMUM LOAN AMOUNT

7.3 LOAN TERMS

- A.. Repayment Period
- B. Interest Rate
- C. Terms Unacceptable for a Guarantee



TIPS

- Underwriter = USDA Approved Lender
- USDA = not an underwriter
- Research Rule & HB questions: Table of Contents
- Research Rule & HB questions: Control + F

7 CFR Part 3555

supplemental social security income and Social Security benefits received in a lump sum;

(vii) Any earned income tax credit;

(viii) **Adoption** assistance in excess of any amount determined pursuant to HUD's definition of annual income at 24 CFR 5.609(c);

Find x

Adoption

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7 CFR PART 3555 / HB-1-3555

LEARNING CHECKS



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Question Slide

“Topic”

- Question will be bulleted with scenario, or
- Include a statement/question

TRUE/FALSE or other answer options will be displayed



ANSWER SLIDE

“Topic”

ANSWER: 7 CFR Part 3555 and HB-1-3555 references provided

X. Correct Response

- Additional guidance for clarification may be provided



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LET'S GET **STARTED**





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Maximum loan amount

- Purchase price: \$162,500
 - Closing costs to be financed: \$2,000
 - Upfront guarantee fee will be financed
 - Appraised value: \$165,000
 - What is the maximum loan amount allowed?
- A. 100% of Appraised Value
- B. 100% of Appraised value plus upfront guarantee fee



Maximum loan amount

ANSWER: 3555.103(a), HB 7.2

B. 100% of Appraised Value plus upfront guarantee fee

- This is the maximum loan amount authorized
- Applicants are not required to finance the upfront guarantee fee
- Upfront guarantee fee may be financed in whole or as a portion



Maximum loan amount

Which cost is not eligible to be financed:

- A. Upfront guarantee fee
- B. Purchase price
- C. Discount points to permanently reduce interest rate
- D. Real estate commission and/or administration fees
- E. Appraisal fee



Maximum loan amount

ANSWER: 3555.103(b), HB 7.2

D. Real estate commission and/or administration fees

- Commissions, finders fees, administration fees, etc. are ineligible loan costs per 3555.101(b)
- Borrowers may pay for these fees from their own funds



Maximum loan amount

- New construction home purchase price: \$210,000
- Appraised Value: \$224,500
- There is no acceptable building permit or evidence of construction inspections
- Maximum loan amount is limited to the following:
 - A. 100% of Appraised value plus upfront guarantee fee
 - B. 90% of Appraised Value plus upfront guarantee fee



Maximum loan amount

ANSWER: 3555.103(c), HB 7.2

B. 90% of Appraised Value plus upfront guarantee fee

- New dwelling does not have evidence to meet 3555.202(a)
- No acceptable building permit/plans and specs, no required inspections, and/or no builder warranty
- Dwelling remains eligible but at a reduced maximum loan amount



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Maximum loan amount

- Purchase price: \$195,900
- Appraised Value: \$193,000
- Property is ineligible for loan guarantee

A. TRUE B. FALSE



Maximum loan amount

ANSWER: 3555.103(a), HB 7.2

B. FALSE

- Borrower may bring the difference to loan closing
- Maximum loan amount would continue to be 100% of Appraised Value plus upfront guarantee fee



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Maximum loan amount

- Purchase price: \$145,000
- Appraised Value: \$152,000
- Housing grant: \$15,000, forgiven over 5 years
- What is the maximum loan amount that may be guaranteed?
 - A. 100% of Appraised Value plus upfront guarantee fee
 - B. 100% of Appraised Value plus upfront guarantee and eligible assistance programs



Maximum loan amount

ANSWER: 3555.103(a), HB 7.2

A. 100% of Appraised Value plus upfront guarantee fee

- No maximum CLTV: Maximum loan amount = 3555.103
- Assistance programs may be subordinated, but they are not covered under the Loan Note Guarantee
- Applicants are not required to finance the upfront guarantee fee



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WAY TO GO!



Regulations

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