

Maximum Loan Amount

Single Family Housing Guaranteed Loan Program



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.



Guaranteed Loan Program Regulation 7 CFR Part 3555

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



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







HB-1-3555 SFH Guaranteed Loan Program Technical Handbook

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Acronyms

Glossary

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- Appendix 3 Review and Appeals
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- Appendix 10 Unnumbered Letter and State Supplements



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



3555.103 Maximum loan amount.

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



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

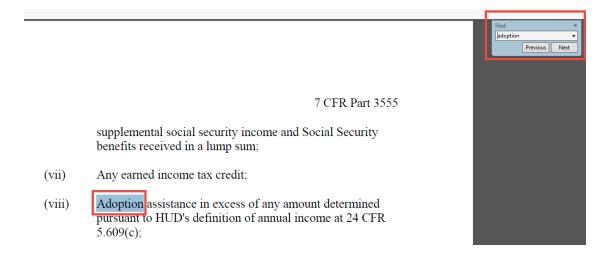
CHAPTER 7: LOAN TERMS AND CONDITIONS

- 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 / HB-1-3555 LEARNING CHECKS



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







- 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



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



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



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



- 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



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



• 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



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



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





WAY TO GO!



Regulations

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





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