



## SINGLE FAMILY HOUSING GUARANTEED LOAN PROGRAM: HB-1-3555 REVISIONS

**Effective Date: July 7, 2017**

### Chapter 16

A Power of Attorney (POA) may be used when the Mortgagee verifies and documents that **all-of** the following **applicable** requirements have been satisfied:

- Any specific or general power of attorney must comply with state law, and allow for legal enforcement of the mortgage note in jurisdiction.
- For military personnel, a POA may only be used for one of the applications (initial or final), but not both:
  - when the service member is on overseas duty or on an unaccompanied tour;
  - when the Mortgagee is unable to obtain the absent Borrower's signature on the application by mail or via fax; and
  - where the attorney-in-fact has specific authority to encumber the Property and to obligate the Borrower. Acceptable evidence includes a durable POA specifically designed to survive incapacity and avoid the need for court proceedings.
- For incapacitated Borrowers, a POA may only be used where:
  - a Borrower is incapacitated and unable to sign the mortgage application;
  - the incapacitated individual will occupy the Property to be insured; and
  - the attorney-in-fact has specific authority to encumber the Property and to obligate the Borrower. Acceptable evidence includes a durable POA specifically designed to survive incapacity and avoid the need for court proceedings.

#### A. Calculation of Upfront Loan Guarantee Fee

The maximum loan amount for a guaranteed loan is 100% of the appraised value plus the upfront guarantee fee. Eligible closing costs may also be included in the loan amount up to 100% of the appraised value. The upfront guarantee fee is not required to be financed into the loan. There are many options available to the applicant. Please see examples below:

#### 16.2: Closing the Loan

**Clarification:** Any Power of Attorney that complies with state law is eligible to be used for guaranteed loans. USDA never intended to limit the use of a POA to only military or incapacitated borrowers.

#### 16.4: Upfront Guarantee Fee

##### A. Calculation of Upfront Loan Guarantee Fee

**Reformatted:** This section was formatted as "A".

- Borrower occupied properties should have replacement cost coverage in an amount equal to the insured value of the improvements or the unpaid principal balance with deductible(s) which does not exceed the greater of either \$1,000 or 1 percent of the policy coverage, or the minimum deductible offered by the borrower's chosen insurance carrier.

**16.11: Ownership Requirements**  
**C: Insurance Policy Requirements**  
**1. Hazard Insurance**

**Clarification:** When an acceptable hazard insurance policy cannot meet the \$1,000/ 1 percent suggested threshold, flexibility is provided to ensure affordable deductibles remain eligible. This flexibility extends to policies for wind, hail, etc.

*File Stacking Order Checklist*  
**Post Loan Closing – Issuance of Loan Note Guarantee**

**Please stack the loan closing package in the following document order:**

	<p><b>Form RD 1980-19, "Loan Closing Report"</b></p> <p><b>Note:</b> This form is not required if Lender is participating in automated lender loan closing. The date of closing is defined as the settlement date as it appears on the <u>Closing Disclosure/ HUD-1 Settlement Statement, Block 1.</u></p>
	<p><b>Guarantee Fee – Payable to USDA or Rural Development – Include a copy of Page 1 - Form RD 3555-18/18E</b></p> <p><b>Note:</b> Lenders participating in automated lender loan closing will utilize pay.gov to submit the guarantee fee. If not an automated lender loan closing lender, when submitting electronically, submit the paper check to the physical location noted <u>within</u> the <u>"Electronic Doc Delivery" document identification of Electronic Delivery</u> located at <a href="https://www.rd.usda.gov/programs-services/lenders/usda-linc-training-resource-library">https://www.rd.usda.gov/programs-services/lenders/usda-linc-training-resource-library</a> <a href="https://usdaline.se.gov.usda.gov/USDAlineTrainingResourceLib.do">https://usdaline.se.gov.usda.gov/USDAlineTrainingResourceLib.do</a> with a copy of Form RD 1980-19, "Loan Closing Report".</p>

**Attachment 16-A: Loan Closing Stacking Order Checklist**

**Revised:** References to "HUD-1 Settlement Statement" have been replaced with "Closing Disclosure".

**Revised:** "Electronic Doc Delivery" document is noted with an updated weblink to USDA LINC's Training and Resource Library.

**Disclaimer: Every effort has been made to ensure this job aid is accurate.**

The 7 CFR 3555 and HB-1-3555 are published online: <https://www.rd.usda.gov/files/hb-1-3555.pdf>