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PROCEDURE NOTICE

RD HANDBOOK CHANGES
  INSERT RD HB-1-3555
    (WSAL)

SFH GUARANTEED LOAN PROGRAM TECHNICAL HANDBOOK. This Handbook is partially revised. The specific revisions are outlined below.

Chapter 17:

The following updates were made to HB-1-3555, Chapter 17 to remove references to recapture of shared equity and include information for servicer responsibilities on loan status with errors and assumption submission and closing guidance. Additionally, minor grammatical and formatting edits were made to be consistent with other handbook chapter revisions.

Paragraph 17.2E – Obtaining Final Payments:
- Removed "recapture of shared equity" from the title in this paragraph.
- Added "mortgage recovery advances (MRA)", which would include secured and unsecured, to clarify that security instruments are not released until the MRA is paid as well.

Paragraph 17.3 – Reporting Requirements:
- Added that servicers are required to review and correct status and default reject errors by the 13th business day of the month through the last calendar day of the month.

Paragraph 17.8B – Transfer Under Garn-St. Germain:
- Added property eligibility guidance as it relates to transfer with an assumption.
- Added guidance that the priority of the existing lien on the guaranteed loan must be maintained and approved.
- Added guidance that GUS is unavailable for transfer and assumptions and must be manually submitted and underwritten.
- Added guidance for "closing a transfer with an assumption" in that these type applications are treated like any other request for a loan guarantee.

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RD HANDBOOK CHANGES
  INSERT RD HB-1-3555 (Con)
    (WSAL)

  <u>**Chapter 18**</u>:

  The following updates were made to HB-1-3555, Chapter 18 to update the
  requirements for servicing non-performing loans, remove Attachment's 18-B through
  E and added a link to notate that the attachments can be found on the USDA LINC
  library website. Additionally, changes were made to correspond with the
  publishing of the requirements for the Special Servicing Options Final Rule; the
  term "special" was removed throughout the chapter and replaced with "streamline"
  as well as making minor grammatical and formatting edits.

  Paragraph 18.1 – Introduction
  - Added guidance that all servicing related cost and fee schedules can now be
    found on the LINC Training and Resource Library webpage.

  Paragraph 18.3 – Minimum Requirements
  - Revised and removed "restrict creditor action to collect a debt or take
    action. An example that may be a violation of an applicable law is if the
    commencement of debtor's bankruptcy case occurs" as this would be an
    example as to what type of violation would fall under laws related to debt
    collection and could vary from state to state.

  Paragraph 18.3 D - Inspect the Property
  - Removed "60th day of delinquency" and replaced with "60 days past due" which
    aligns with what is stated in 7 CFR 3555.301(f).

  Paragraph 18.5 - Loss Mitigation Options
  - Added "Mortgage Recovery Advance (unrecorded)" as the Final Rule will no
    longer require a mortgage in recordable form perfecting a lien. An
    unrecorded MRA would still be required in order to document that this event
    has occurred.

  Paragraph 18.7 – Property Management Methods and Activities
  - Removed reference to Attachment 18-E, Maximum Property Preservation
    Allowances, as this document can now be found on the LINC Training and
    Resource Library webpage.

  Paragraph 18.8 – Environmental Hazards
  - Added email guarantee.svc@usda.gov to reference where the documentation to
    support lien valueless because of environmental hazards should be submitted.

RD HANDBOOK CHANGES
  INSERT RD HB-1-3555 (Con)
    (WSAL)

  <u>**Chapter 19**</u>:

  The following updates were made to HB-1-3555, Chapter 19 to update servicing
  requirements for collecting on the guarantee when loss claims occur and the
  Agency review process. Additionally, minor grammatical and formatting edits have
  been made.

  Paragraph 19.5 – Agency Review:

  - Removed "utilize the Add/Update Loss Claim transaction in the Loss Claim
    Administration menu of USDA LINC to" as this process is no longer applicable
    to Agency staff.

  <u>**INSERT**</u>
  <u>Chapter 17 revised</u>.

  <u>Chapter 18 revised</u>.

  <u>Chapter 19 revised</u>.

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