

Expand Your Market with USDA Products

February 13, 2025

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Lender and Partner Activities Branch
Washington, D.C.





Welcoming Rural Americans Home

for Over 30 Years





Today's Agenda:

- Mission Statement
- Single-Close Construction
- Rehabilitation & Repair
- Manufactured Housing





Mission & Goals






Single Family Housing Guarantee Loan Program

VISION

To create efficiencies and cultivate partnerships to strengthen and expand the program to benefit rural communities.

MISSION STATEMENT

Provide affordable and sustainable homeownership opportunities for low- and moderate-income people in rural areas that may not be afforded the opportunity to be homeowners otherwise.



Affordable Housing Alternatives



Basic Qualifications

1. Home located in rural area



2. Household income below 115% of MHI



SFHGLP Comparison Chart



	USDA	FHA	VA	Fannie Mae Home Ready*	Fannie Mae Conventional 97%	Freddie Mac Home Possible *	Freddie Mac Home One
Purchase Price	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000
Interest Rate	5.50%	5.50%	5.50%	5.875%	6.00%	5.875%	6.00%
Downpayment	0	3.5% (\$8,750)	0	3% (\$7,500)	3% (\$7,500)	3% (\$7,500)	3% (\$7,500)
Upfront Guarantee Fee/UFMIP/Guaranty Fee	1% \$2,525.25	1.75% \$3,377.50	0-3.3% based on factors of service. Using 2.3% as an industry mode. \$5,750				
Total Base Loan	\$252,525.00	\$253,377.50	\$255,750.00	\$242,500.00	\$242,500.00	\$242,500.00	\$242,500.00
Monthly Annual Fee/MI	\$73.65 (.35%)	\$116.13 (.55%)	0	\$198.04 (.98%)	\$244.52 (1.21%)	\$198.04 (.98%)	\$244.52 (1.21%)
Out of Pocket	\$0	\$8,750	\$0	\$7,500	\$7,500	\$7,500	\$7,500
Total P&I, MI	\$1,507.46	\$1,554.78	\$1,452.12	\$1,632.52	\$1,698.43	\$1,632.52	\$1,698.43
Seller concession	6%	6%	6%	3%	3%	3%	3%
FTHB only	no	no	no	no	yes	no	yes

What types of homes can be financed?



Existing Single
Family Homes

New Construction

Townhomes

Condominiums
(limitations apply)

New Manufactured

Existing
Manufactured Pilot
(Must be 2006 or
newer)

New or existing
Modular (treated
same as site-built)

Duplex – 1 unit

Program Highlights

- 100% LTV financing (no down payment required)
- 1% Guarantee Fee may be included in loan
- Loan Amount may include typical closing costs, up to 100% of “As Improved” value
- Maximum loan amount based on “As Improved” value
- No limits on sales price or loan amount
- Not limited to first time home buyers





Single-Close Construction





Single Close Construction Loan Product

Combines the short-term interim construction loan with the traditional long-term permanent residential mortgage

Single Close Construction Buyer Benefits



One Closing

Only one loan closing required, saving borrower from excess closing costs



Payment Reserves

Allows up to 12 months of P&I or PITI payments to be rolled into loan amount



Contingency Reserves

Escrow up to 10% of purchase price to fund cost overruns to protect from out of pocket payments



Re-amortization

Remaining reserves are applied to reduce the principal balance



Less Maintenance

Owners of new construction have less maintenance than existing properties



Realtor Commission

Paid at time of closing – prior to construction

Single Close Construction Lender Benefits



Reduced Risk

To Lenders with 90% guarantee and no capital needed from Builders



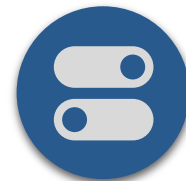
Expand Client Base

Provides a no down-payment loan product for a new build in a low inventory market



Loan Note Guarantee at Closing

Issued after closing before construction begins



Two Products Available

Securitized and Standard



Servicing Rights

Lenders may sell servicing rights immediately after closing



Sellable on Secondary Market

Ability to sell immediately after closing on secondary market

Securitized vs Interest Only

Interest rate, construction contingency, and payment reserves are established at close.

LNG issued at signing and construction begins.

Securitized Version

Principal, interest, taxes, insurance (PITI) payments are made during construction from the reserve.

Construction complete. No loan mod needed. Excess contingency reserve funds applied as principal curtailment.

Interest Only Version

Monthly interest is paid from interest payment reserve on construction loan balance.

Construction completed and excess reserves applied to principal. Loan modification to re-amortize the remaining balance.

Lender Qualifications

Lender Qualifications



USDA approval to participate in the SFHGLP



Lenders self-certify that staff has two or more years experience in making and administering construction loans



Lender may employ a construction loan management company with two or more years experience in lieu of in-house staff experience

Lender Responsibilities



Monitor fixed price construction contract



Confirm eligibility of contractors/builders and approve if meets USDA requirements



Retain evidence of contractor/builder loan management company



Approve construction contractors that meet USDA requirements

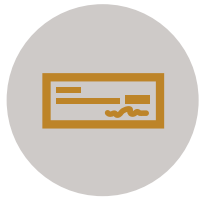


Monitor custodial reserve account if securitized or maintain warehouse line of credit



Approve any change orders during construction

Builder Responsibilities



2 or more years experience with SFH construction



State issued contractor's license



Commercial general liability insurance



Provide references

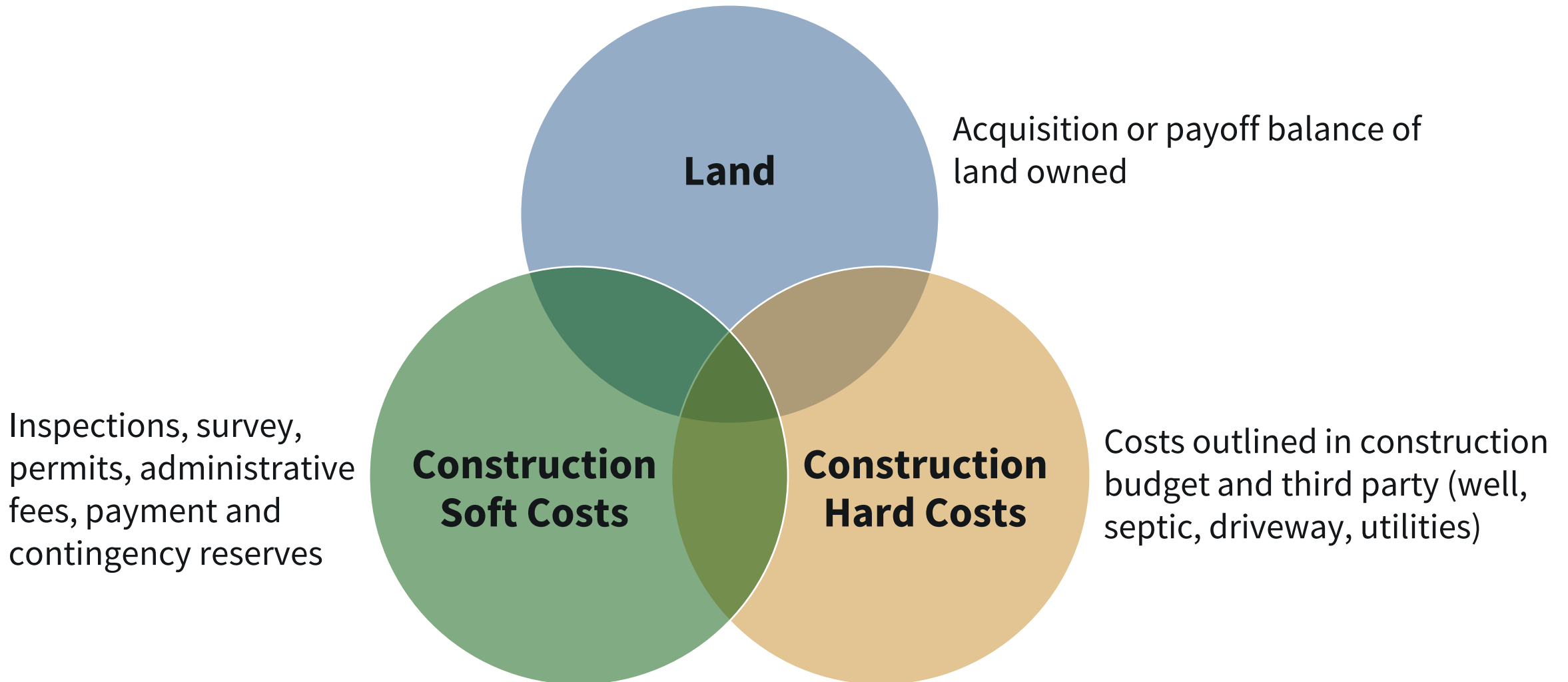


Must provide Builder's Warranty



Owner-builders not eligible

Single Close Construction Loan



Single Close Construction

Land Value

+

**All costs
associated
with
construction**

+

Reserves

✓

Appraised Value

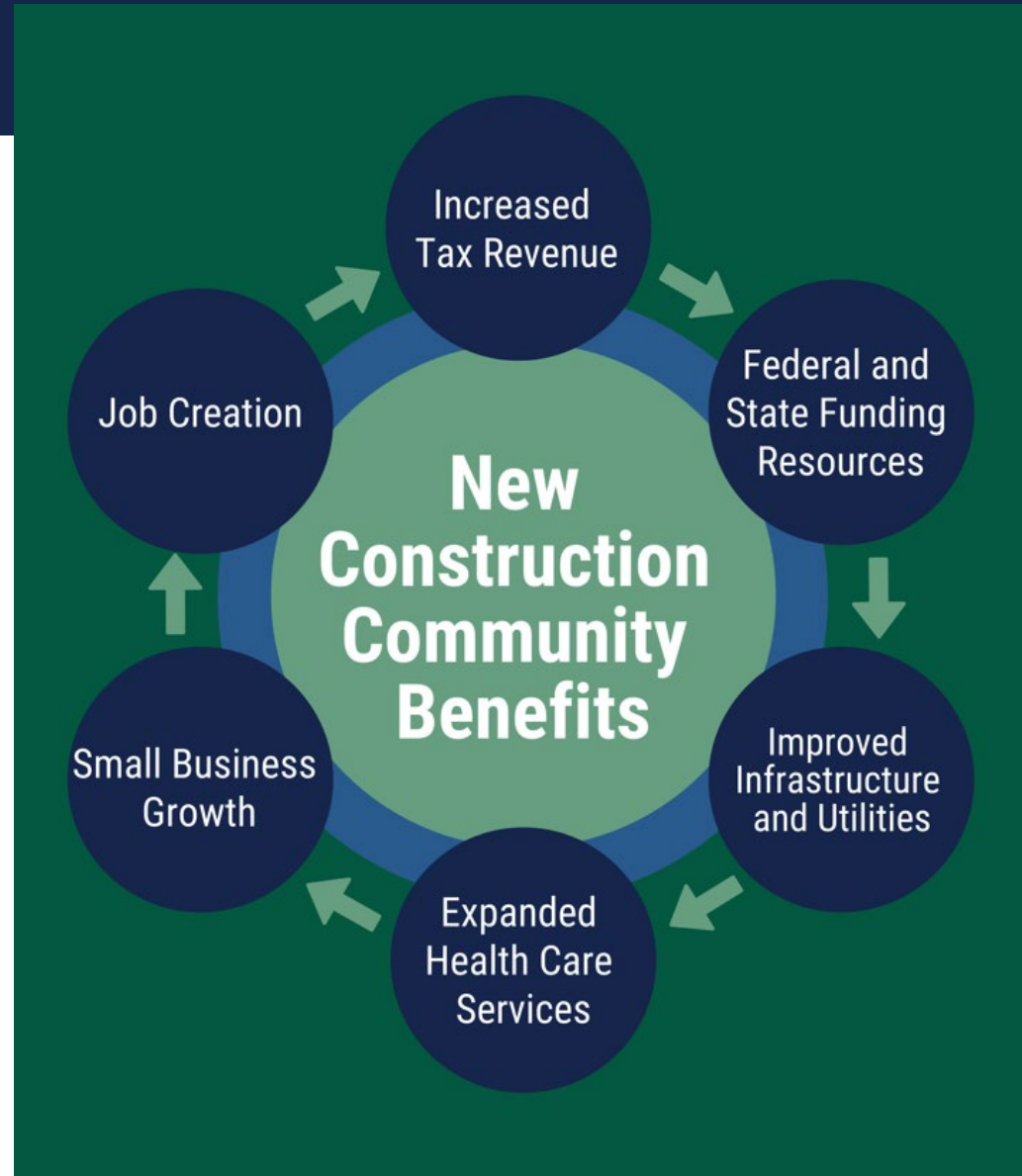
The appraiser must be given all costs associated with the construction to be included in the final market value



Documentation Options

Documentation Requirements:	Option #1	Option #2	Option #3
Evidence of certified plans and specifications	Copy of the certification from a qualified individual or organization that the reviewed documents comply with applicable development standards; OR	Certificate of Occupancy issued by a local jurisdiction; OR	Building Permit (or equivalent) issued by local jurisdiction.
Evidence of construction inspections	Certificate of Occupancy issued by local jurisdiction showing at least 3 construction phase inspections, and an acceptable 1-year builder warranty; OR	Three construction phase inspections performed at each phase identified in Section 12.9(B) of our Handbook; OR	Final inspection and a 10-year insured builder warranty.
Evidence of thermal standards	The final inspection, or Certificate of Occupancy issued by local jurisdiction; OR	Builder may certify confirmation with the IECC standards; OR	A qualified, registered architect or qualified, registered engineer may certify confirmation with IECC standards.

Single Close Construction Loan





Rehabilitation and Repair



Rehabilitation & Repair



Expand your client's inventory options through our Rehabilitation and Repair Loan Product!

Single Close Rehab and Repair Benefits



100% Financing up to 100% of “as improved” appraised value.



Loan Note Guarantee is issued after closing – before repairs begin.



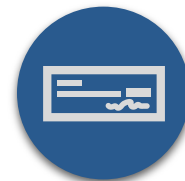
Purchase Existing while able to customize improvements.



Reduced Risk to Lenders as loans may be sold immediately on secondary market once the LNG is issued.



One Loan Closing with funding for both purchase and eligible rehabilitation.



Realtor Commission is paid at time of closing – prior to repairs.

Property Eligibility

Property Eligibility



New construction or incomplete constructions are not eligible. Home must be 12 months or older.



If dwelling must be demolished as part of rehab, the existing foundation must still be in place.



Properties where the foundation has been demolished or where only the footings remain are ineligible.

Requirements

Requirements



“As-Improved” value will be used as loan limit with copy of repairs and costs to be provided to appraiser.



Maximum construction period of 6 months with any extensions approved at Lender’s discretion.



Fully executed fixed-price contract to include start and end dates and made part of the security instrument.



If unpermitted work is discovered, code enforcement will determine process to permit previous construction – all permits must be obtained for new work.

Non-Structural

Structural

Finance up to \$35,000 in repairs



COST

Finance over \$35,000 in repairs

Subject to repair type



INSPECTION

Allowed –
10% if utilities are on; 15% if utilities are
off



CONTINGENCY

Allowed –
10% if utilities are on; 15% if utilities are
off

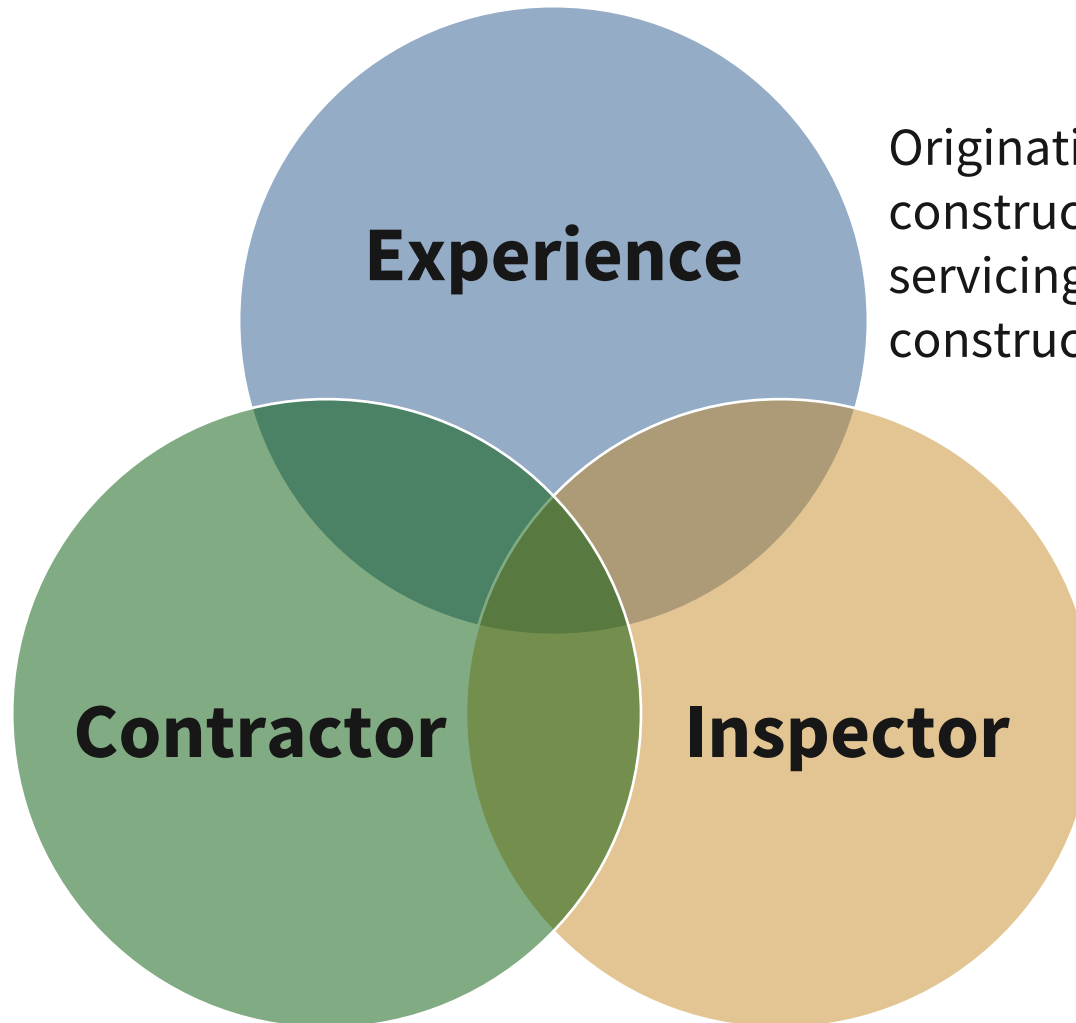
Optional



RESERVES

Managing Construction

The borrower may not act as the general contractor; builder/contractors must meet USDA requirements



Experience

Originating lenders do not need construction experience if servicing lender will administer construction phase

Contractor

Inspector

The lender may engage any inspector or consultant deemed qualified by the lender to evaluate the property

Eligible Loan Purposes

Eligible Loan Costs:

- ✓ Upgrade and renovate kitchen, bathrooms, floor coverings, etc.
- ✓ Create accessible amenities for individuals with disabilities
- ✓ Structural alterations, additions, or reconstruction
- ✓ Install energy conservation or weatherization features
- ✓ Addition of garage; attached or detached
- ✓ Remove health and safety hazards
- ✓ Repair or install utilities



Prohibited Loan Purposes

Prohibited Loan Purposes:

- Investment properties
- Installation of new swimming pools, saunas or hot tubs
- Installation of luxury items such as exterior fireplaces, backyard kitchens, etc.
- Convert existing structures such as a barn or outbuilding into a single family dwelling
- Alterations that allow income producing property
- Repair to new or existing manufactured homes or condos
- Repairs or improvements to common spaces such as playgrounds or meeting rooms





Manufactured Housing



Manufactured Housing



When used in conjunction with the Single Close Construction product Manufactured Housing is a great purchase option for your homebuyer!

Manufactured Homes

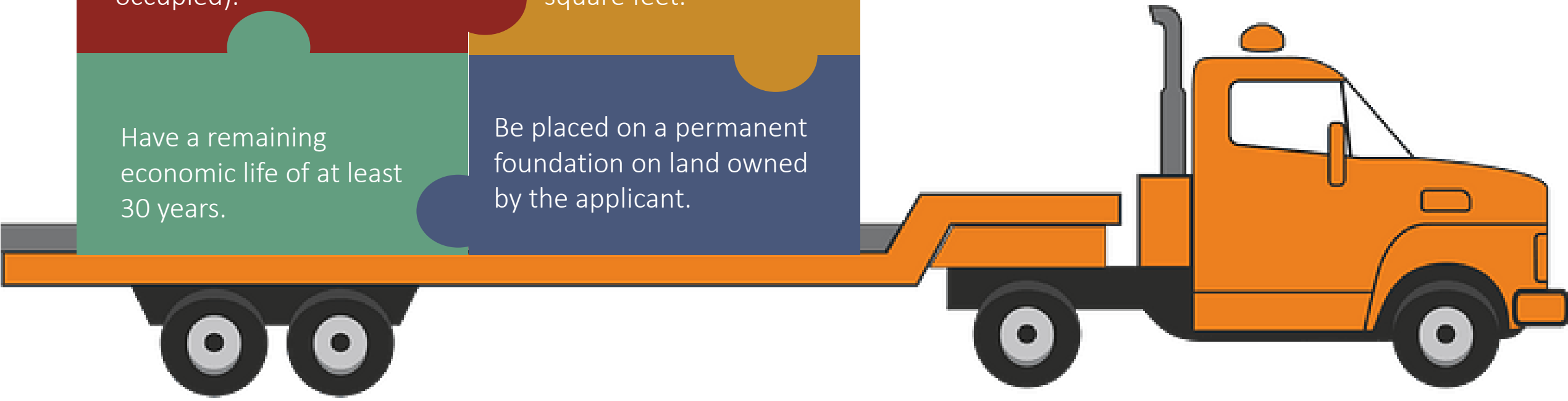
Unit must...

Be new (less than 12 months old and never occupied).

Have a minimum floor area of 400 square feet.

Have a remaining economic life of at least 30 years.

Be placed on a permanent foundation on land owned by the applicant.



Manufactured Homes

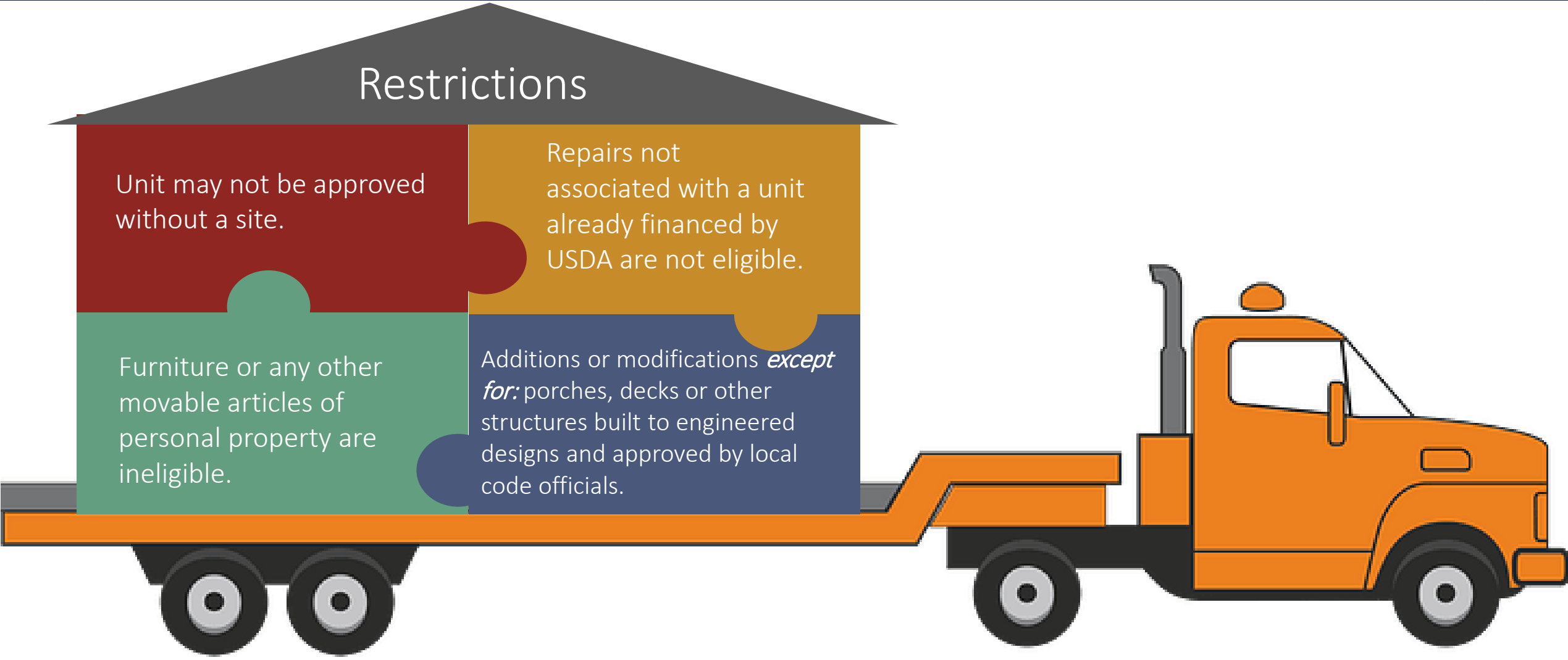
Restrictions

Unit may not be approved without a site.

Repairs not associated with a unit already financed by USDA are not eligible.

Furniture or any other movable articles of personal property are ineligible.

Additions or modifications *except for*: porches, decks or other structures built to engineered designs and approved by local code officials.



Manufactured Homes

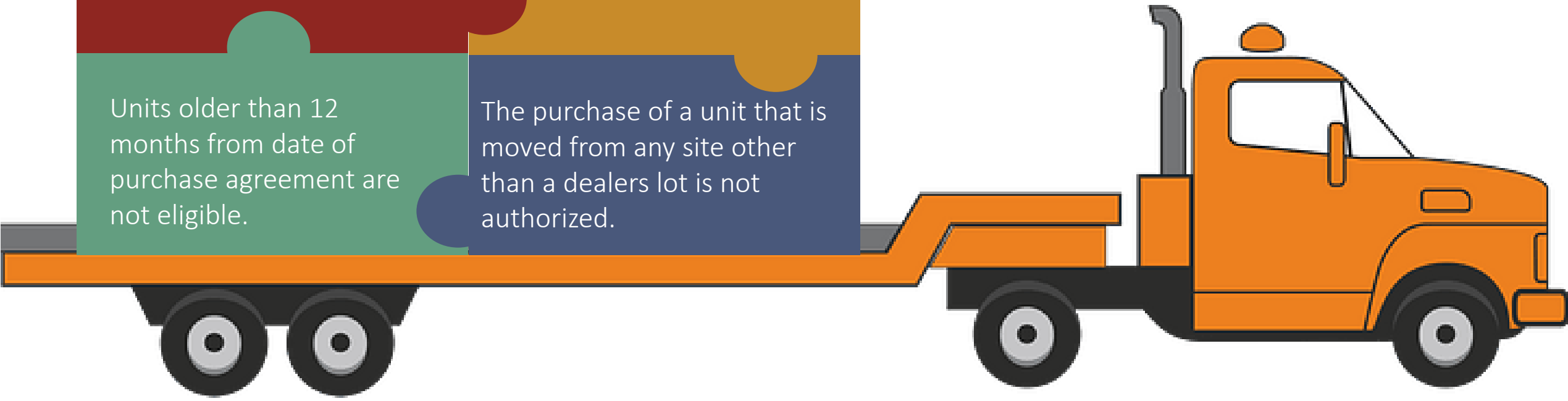
Restrictions

Units with towing hitch are not authorized.

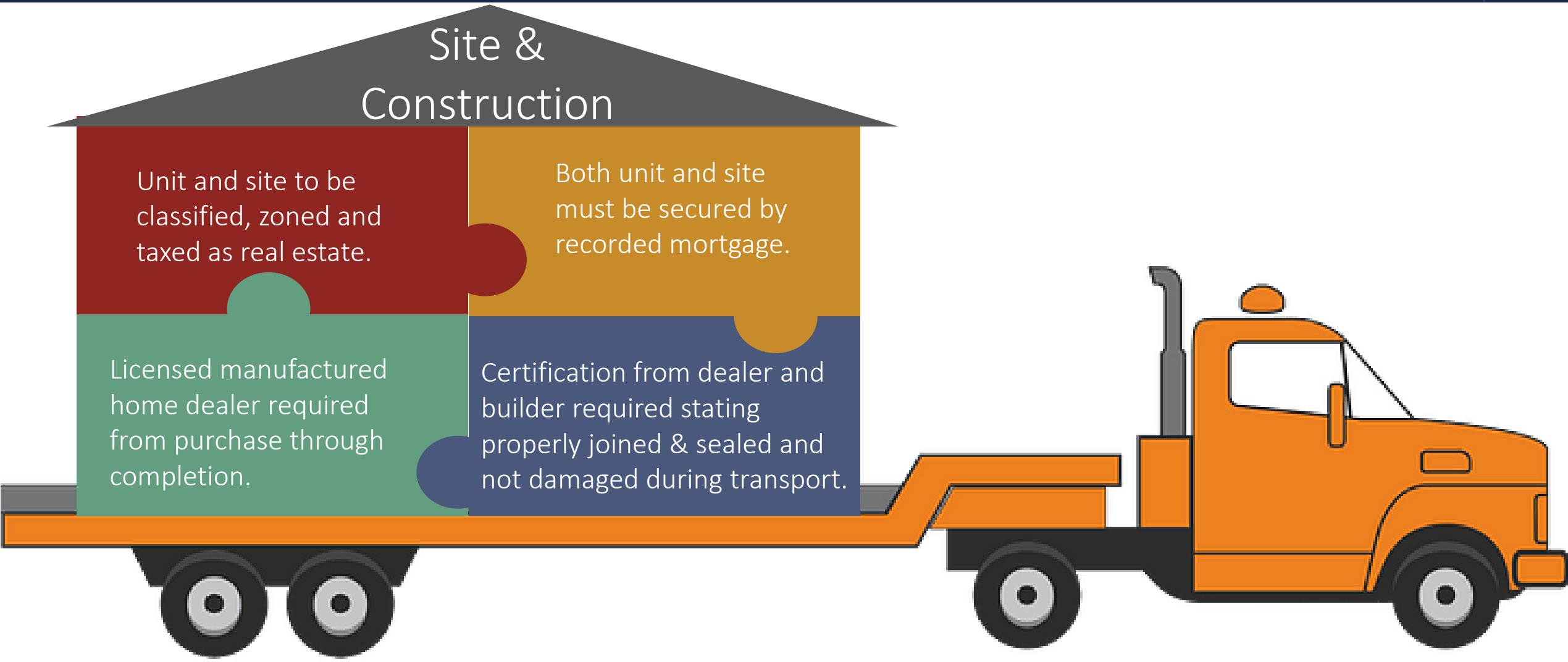
Units with running gear remaining are not eligible.

Units older than 12 months from date of purchase agreement are not eligible.

The purchase of a unit that is moved from any site other than a dealers lot is not authorized.



Manufactured Homes



Manufactured Homes

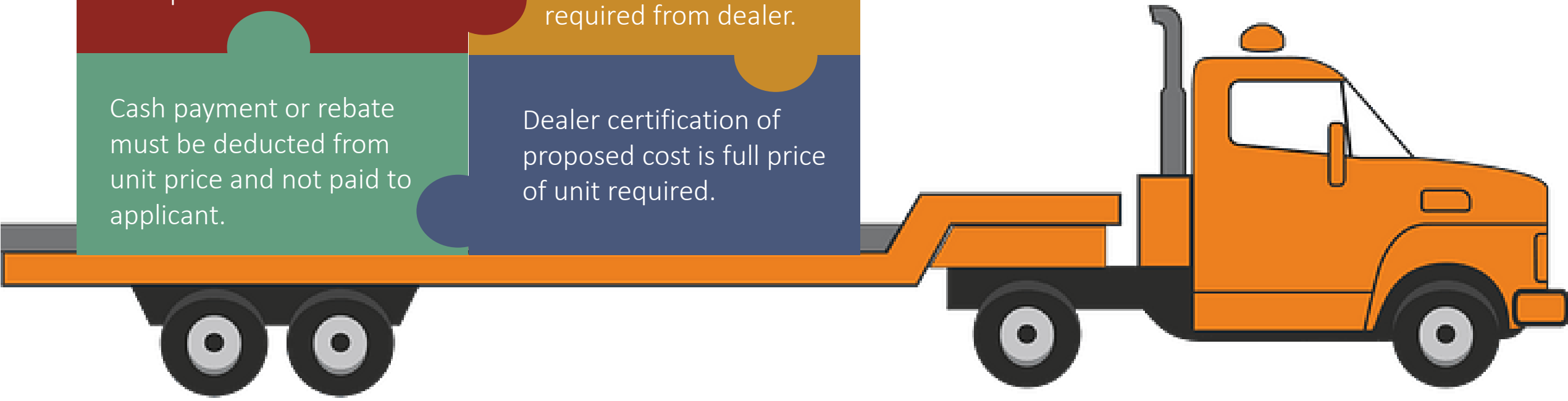
Site & Construction

Foundation must meet HUD Handbook requirements.

Itemized cost breakdown of complete construction package required from dealer.

Cash payment or rebate must be deducted from unit price and not paid to applicant.

Dealer certification of proposed cost is full price of unit required.





Manufactured Homes – Pilot Program

Federal Register :: Single Family Housing Section 502 Direct and Guaranteed Manufactured Housing Pilots

Unit must...

Have been constructed on or after January 1, 2006.

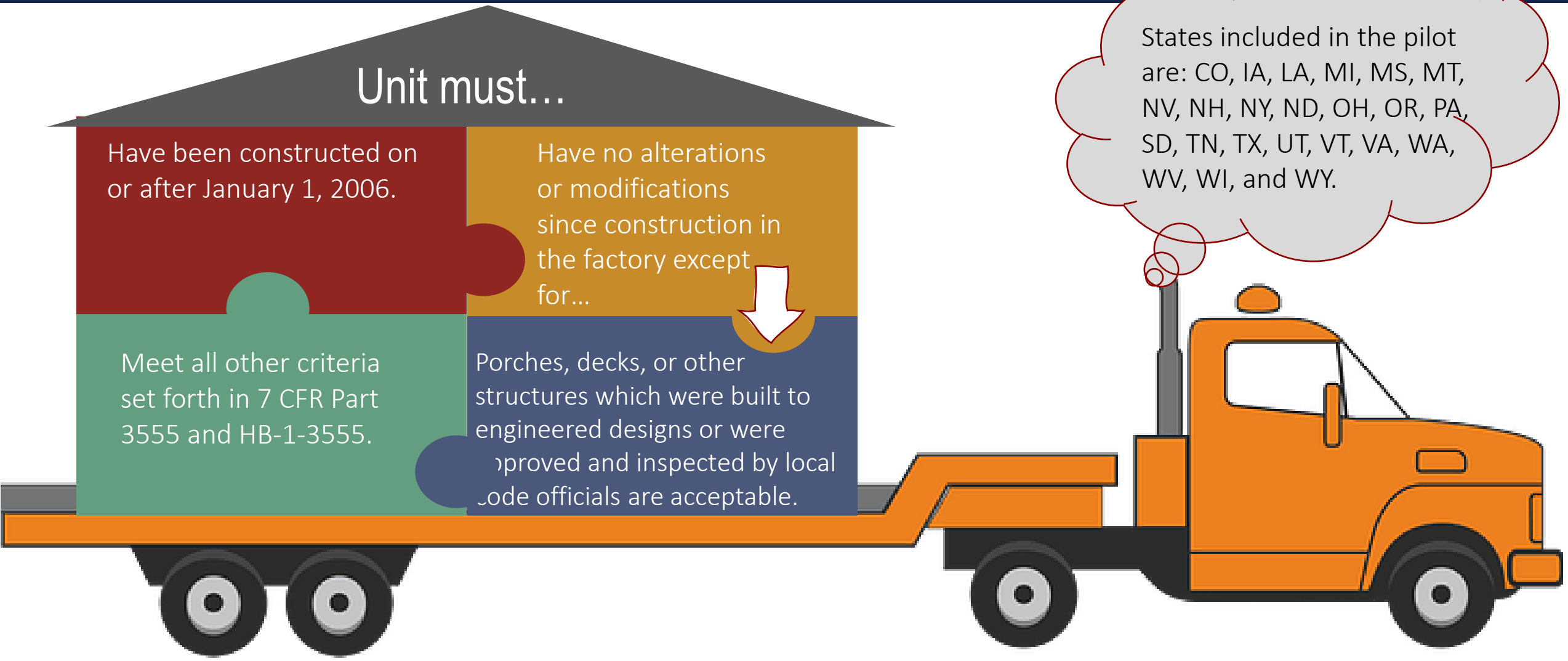
Have no alterations or modifications since construction in the factory except for...



Meet all other criteria set forth in 7 CFR Part 3555 and HB-1-3555.

Porches, decks, or other structures which were built to engineered designs or were approved and inspected by local code officials are acceptable.

States included in the pilot are: CO, IA, LA, MI, MS, MT, NV, NH, NY, ND, OH, OR, PA, SD, TN, TX, UT, VT, VA, WA, WV, WI, and WY.





Resources



Have a question on
POLICY?

Contact the PAC team!



Have a question on a
SPECIFIC FILE?

Contact the OPD!



Need **TRAINING?**

Contact the LPA team!



Contact List SFHGLP (usda.gov)

Topic	Information
File-Specific Questions	<p>Information to include in email:</p> <ul style="list-style-type: none">• Identify the state the application is located; if applicable;• Provide applicant's name and USDA borrower ID, if applicable;• GUS loan number, if applicable• Include contact information; and• Indicate if you would like a call back (otherwise you will receive an email reply) <p>File-Specific Questions by phone: 833-314-0168, ext. 2 Phone System Availability: 9:00 am to 3:30 pm ET</p> <p>Production Team One: SFHGLPONE@usda.gov AK, AL, AZ, CA, CO, GU, HI, IA, ID, KS, MT, NM, NV, OR, SD, TX, UT, WA, WI, WP, WY Production Team Two: SFHGLPTWO@usda.gov AR, KY, LA, MN, MO, MS, ND, NE, NJ, NY, OK Production Team Three: SFHGLPTHREE@usda.gov CT, DE, GA, IL, MA, MD, ME, MI, NC, NH, RI, SC, VT, WV</p> <p>Production Team Four: SFHGLPFOUR@usda.gov FL, IN, OH, PA, PR, TN, VA, VI</p>
Lender Self-Report	SFHGLD.QA@usda.gov
Program Training Program Marketing and Outreach	sfhgld.lenderpartner@usda.gov
General Loan Scenario Questions Loan Policy/Regulation/Handbook	sfhgld.program@usda.gov or *833-314-0168, ext. 4
Turn Times	833-314-0168, ext. 1 Phone System Availability: 9:00 am to 3:30 pm ET
Lender Approval/Recertification Loan Servicing	sfhglservicing@usda.gov
Technical Issues: GUS	RD.HD@USDA.GOV or (800) 457-3642 option 2, option 2
Technical Issues: eAuth or Login.gov	https://www.eauth.usda.gov/eauth/b/usda/faq Select Public Customer FAQs
Loss Claims	guarantee.svc@usda.gov
Monthly and Quarterly Status Reporting GUS User Agreements	RD.SO.HSB@usda.gov
Adding/Removing Security Administrator (SFH Guaranteed Loan Program Automated Systems)	Form Instructions

SFHGLP Product Training Support

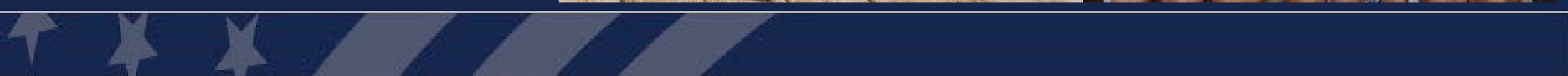
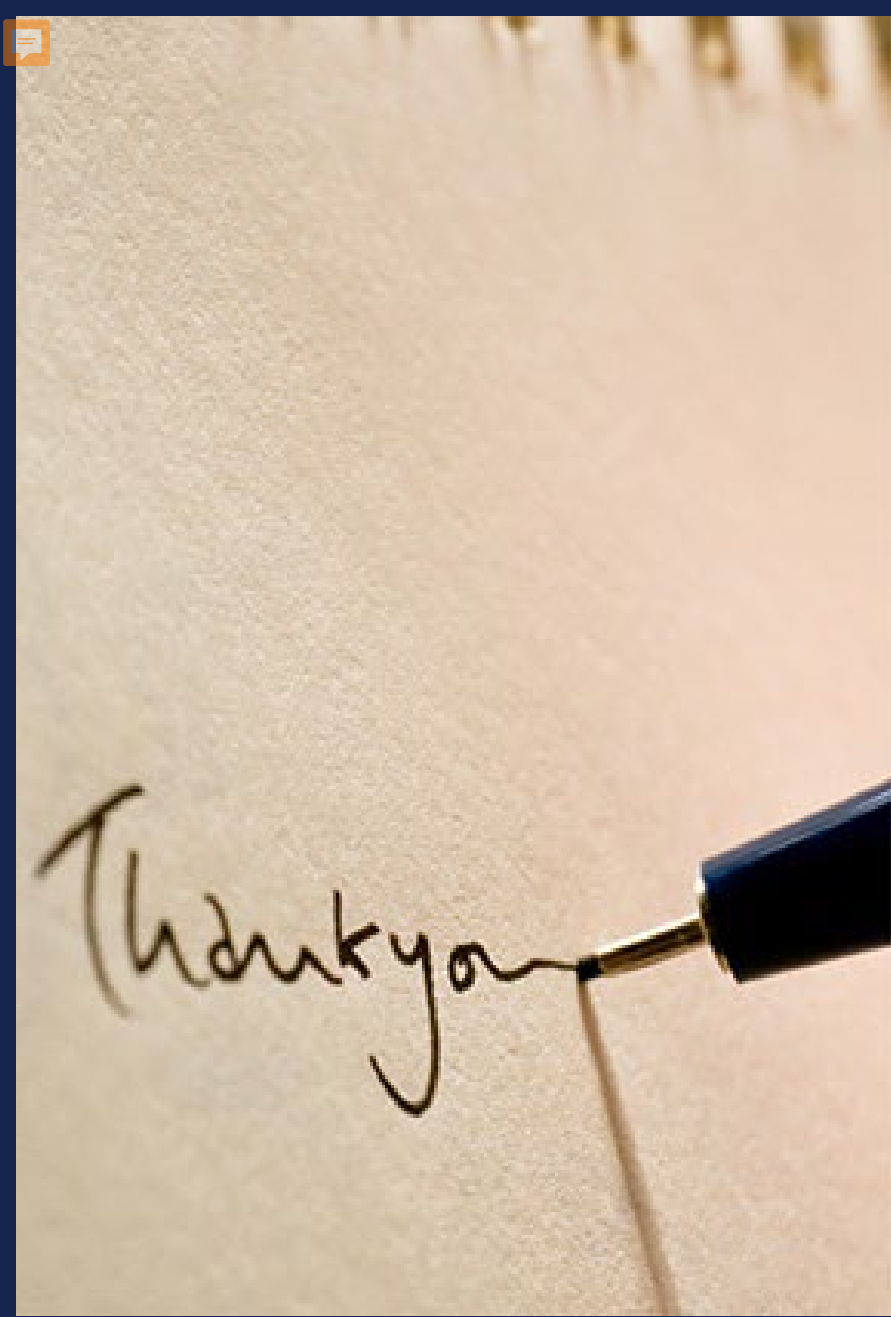
sfhgld.lenderpartner@usda.gov

Rehabilitation & Repair

Manufactured Housing

Single Close Construction
Loan Product







www.rd.usda.gov

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