



## IMPORTANT UPDATE

### BULLETIN 16 03312021

**Issued to:** All Channels  
**Date:** 3-31-2021  
**Subject:** USDA-RD Technical Handbook & Form Updates  
**Effective:** Immediately

USDA-RD has updated the SFH Guaranteed Loan Program Technical Handbook, HB-1-3555, and Forms RD-3555-17 and RD-3555-21. The update details are categorized below by the handbook chapter number or form number.

<b>Chapter 2- Record Retention</b>	<ul style="list-style-type: none"> <li>The final GUS Underwriting and Findings are no longer required to be submitted to RD.</li> </ul>
<b>Chapter 5- Origination and Underwriting Review</b>	<ul style="list-style-type: none"> <li><b>Clarified-</b> The method of calculating assets is the lessor of the current or previous months ending balance</li> <li><b>Added-</b> Lenders should analyze assets in conjunction with conventional credit testing</li> <li><b>Clarified-</b> The calculation of new construction taxes should be based on Land and completed improvements</li> <li><b>Added-</b> Lenders are not required to submit annual and repayment income calculations for loans that receive a GUS recommendation of Accept, however, GHMC still allows the calculations to be performed and included in the loan package.</li> </ul>
<b>Chapter 8- Applicant Characteristics</b>	<ul style="list-style-type: none"> <li><b>Clarified-</b> Owning a dwelling, the applicant is limited to owning one single family housing unit whether adequate or inadequate, in addition to the property associated with the loan request</li> <li><b>Clarified-</b> Trusts, Corporations and Partnerships are not an eligible applicant</li> <li><b>Added-</b> SAVE instructions, lenders will obtain alien eligibility status when utilizing GUS- Note, DACA residents remain ineligible for USDA loans.</li> </ul>
<b>Chapter 9- Income Analysis</b>	<ul style="list-style-type: none"> <li><b>Clarified-</b> Evidence provided to support closure of a business must be satisfactory to Lender for income type “self-employed”</li> <li><b>Clarified-</b> IRS Transcripts-applicants are required to file returns on/before the due date</li> </ul>

	<ul style="list-style-type: none"> <li>• <b>Added-</b> Form 4506C as an option to obtain IRS Tax Transcripts</li> <li>• <b>Clarified-</b> Repayment income must have a likelihood of continuance for at least three years, as provided under 3555.152</li> <li>• <b>Clarified-</b> Non-taxable income may be grossed up 25 percent for repayment income</li> <li>• <b>Clarified-</b> All Household members income (including Boarders) must be considered during income calculation for income type “Boarder Income”. Also, rent paid by a boarder and reported on the applicant’s tax returns must be included in income calculation</li> <li>• <b>Clarified-</b> Several income source options and required documentation</li> <li>• <b>Clarified-</b> GUS instructions for Earnest Money, Gift Funds, Sales Proceeds of Real Estate Owned Property, Assets and Reserves section and Business Accounts.</li> </ul>
<p><b>Chapter 10- Credit Analysis</b></p>	<ul style="list-style-type: none"> <li>• <b>Clarified-</b> GUS will automatically retrieve CAIVRS when the Borrower Information page is saved, and the response cannot be revised or overwritten within GUS. Information regarding manual retrieval of CAIVRS was added (appendix 7)</li> <li>• <b>Added-</b> Chapter 11 Bankruptcy in addition to Chapter 12 &amp; 13 guidance</li> <li>• <b>Clarified-</b> Consumer Credit Counseling required documentation was moved under the heading GUS Refer, Refer with Caution and Manual, as it is not acceptable to GUS Accept Transactions</li> <li>• <b>Clarified-</b> Lender should obtain documentation when excluding Non-Purchasing Spouse liabilities with a copy of the state statute that allows for the exclusion of NPS debt, and that documentation must be retained in the lenders permanent loan file.</li> </ul>
<p><b>Chapter 12- Property and Appraisal Requirements</b></p>	<ul style="list-style-type: none"> <li>• <b>Clarified-</b> One appraisal update will extend the validity period of the appraisal, not to exceed 240 days from original appraisal date</li> <li>• <b>Removed-</b> The requirement that an “FHA Roster” appraiser must perform the appraisal and replaced with the term “qualified appraiser”. Qualified appraisers are licensed or certified and can attest the property meets HUD Handbook Standards. If the appraiser is unfamiliar with HUD Handbook standards, or deems themselves unqualified to make such a comment, a home inspection report provided by a licensed home inspector. Lenders are expected to use Professional Judgment and rely upon prudent Underwriting practices in determining when a property condition requires additional inspections or repairs.</li> </ul>
<p><b>Chapter 15- Submitting the Application Package</b></p>	<ul style="list-style-type: none"> <li>• <b>Added-</b> Documentation is required to include annual and repayment income calculations in the Underwriting Analysis.</li> </ul>

<p><b>Chapter 16- Closing the Loan and Requesting the Guarantee</b></p>	<ul style="list-style-type: none"> <li>• <b>Added-</b> Hazard Insurance replacement coverage costs will be equal to the guaranteed value of the improvements or the unpaid principal balance, whichever is less.</li> </ul>
<p><b>Form RD 3555-17</b></p>	<ul style="list-style-type: none"> <li>• <b>Removed-</b> The SS number requirement to protect the borrower's Personal Identifiable Information (PII).</li> </ul>
<p><b>Form RD 3555-21</b></p>	<ul style="list-style-type: none"> <li>• This form was revised to remove the income calculation attachment and data redundancies.</li> <li>• The document was consolidated from 7 pages to 4. By removing the income calculations, the final version of the 3555-21 will no longer need to be sent back to the borrower for revisions made during the Underwriting process.</li> <li>• Various formats will be acceptable to demonstrate the Underwriters determination of Annual and Qualifying Income, including Attachment 9-B, a 1008 or equivalent, however once the new form is available in GUS, GHMC will provide an Annual and Qualifying Income form for use in every loan package, <b><i>even when not required by USDA-RD.</i></b></li> <li>• Customers must continue to provide the following information for each household member: <ul style="list-style-type: none"> <li>○ Name</li> <li>○ Age</li> <li>○ Full-time student (Yes/No)</li> <li>○ Disabled (Yes/No)</li> <li>○ Receives Income (Yes/No)</li> <li>○ Source of Income (if applicable)</li> </ul> </li> <li>• The current RD 3555-21 is still in use in the new GUS system. An update will be sent once USDA-RD has completed all revisions.</li> </ul>
<p><b>Appendix 7- CAIVRS Access Instructions</b></p>	<ul style="list-style-type: none"> <li>• <b>Clarification</b> was made on guidance regarding CAIVRS responses. Revisions included instructions for FHA vs. Non-FHA lenders, GUS vs. Non-GUS applications, outdated links, and contact information.</li> </ul>

This bulletin, and all other GHMC issued bulletins, are posted in the Resource Center in the Bulletins folder.

Please contact your Account Executive for assistance.

We appreciate your business!