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USDA Handbook 3555 Revisions

Summary: On March 9, 2016 USDA published an 80 page document with underwriting revisions to their 3555 Handbook. The revision document can be found here. Below are some highlights of the changes.

- Properties in a flood zone with a private septic and well - specific requirements listed about protecting the well in case of flooding.
- Specific guidance that ALL liabilities "omitted" in GUS must have the "Notes" data field completed with the reason for the omission.
- They added a section detailing the handling of 30-Day Accounts
- Chapter 13 Bankruptcy guidance is now very similar to FHA's
- Requirement for providing specific reasons why a loan was approved with collection accounts that aren't being paid off.
- A new separate section on Judgments and Authorized User Accounts
- 4506-T Execution, the USDA now requires Lenders to obtain and use tax transcripts during underwriting, and must include documentation in the file if the transcripts were not available.
- The product pages were changed to update the language that all loan packages are to be uploaded electronically in GUS.
- Student loan criteria was simplified and the exception was removed. The greater of 1% of the outstanding balance or the payment as reflected on the credit report must be used, except for IBR loans which use 1% of the outstanding balance.
- The GUS Downgrade Policy, from a GUS "Accept" to a "Refer" which requires manual underwriting, was expanded.
- On all refinance transactions, discount points are now permitted for all applicants (no longer just low income borrowers) as long as they buy down the rate.
- New photograph requirements for appraisal.
- Clarification that streamline refinance transactions may not exceed the original loan amount

There were also many other additions and clarifications to their manual underwriting requirements. USDA handbooks can be found here.

Questions: Please address all questions to: loanhelpdesk@resmac.com.