

TO: Participating GRH Lenders

FROM: Iowa's USDA, Rural Housing Service Single Family Guaranteed Rural Housing (GRH) - August 2004

**** PLEASE DISTRIBUTE TO ALL WHO UTILIZE THE GRH PROGRAM ****

NEW NEWS

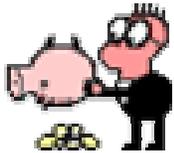
FY 2004 funds are limited. Please note the **attached letter**.

FAX IN RESERVATION REQUESTS ASAP to your RD office.

Speaking of RD offices, numerous letters were sent to active GRH lenders and brokers during July. Our offices have gone through some changes to serve the public better. During this change, GRH lenders and brokers have been assigned to RD field offices to better serve you, our customer. **Assignments** are based upon the location of the customer's main office. Iowa RD offices may be found at http://www.rurdev.usda.gov/ia/la_locations.html (click on the address or type it into your browser).

IBA's e-Newsletter on 5/13/04 provided information about a Train-the-Trainer session for **Money Smart: An Adult Financial Education Program**. Developed by the FDIC, the Money Smart curriculum consists of ten instructor-led training modules covering basic financial topics. RD is in favor of this program and endorses this product.

\$\$\$\$ - MONEY, MONEY, MONEY



We still have **Purchase and Refinance** funds available. However, it is on a **limited** basis. Please see the attached letter from National Office.

It is more important than ever to **FAX IN RESERVATION REQUESTS ASAP**. Our fax machines are waiting. Please use the 10/03 revision of the [1980-86, Request for Reservation of Funds](#). (click for link)

LOAN PROCESSING

The [1980-86, Request for Reservation of Funds](#) (click for link) is a **required form**. For the fastest service and to ensure funding at closing, please fax the completed form to your RD office. If funding is not available, the RD office will notify you. (Exhibit D is NOT required.)

Did anyone see the June 14, 2004 article in The Des Moines Register entitled, **Septic shortcomings plague Glenwood**? "Homeowners battling messes in yards and basements fault Mills County for approving insufficient systems. By PERRY BEEMAN REGISTER STAFF WRITER Glenwood, Ia. -Hundreds of homeowners in this southwest Iowa town have watched in frustration as sewage bubbled out of their yards or backed up into their basements. The problem: The septic systems the county sanitarian approved over a nine-year period were too small to meet state standards even for average-sized homes, let alone some of the..." Iowa RD will continue our requirement of having the septic system pumped and the laterals and baffles certified to be in working order by a Licensed Commercial Septic Tank Cleaner as defined in Chapter 68 of the Iowa Code.

According to RD Instruction 1980.309(f)(4) Counseling. Lenders are encouraged to offer or provide for **home ownership counseling**. Lenders may require first-time homebuyers to undergo such counseling if it is reasonably available in the local area. When home ownership counseling is provided or sponsored by RHCDS or another Federal agency in the local area, the Lender must require the borrower to successfully complete the course.

Iowa staff remains committed to providing *excellent* service with a **24 hour turnaround** of complete application packages.

NEW ANs

ANs for the last 12 months may be found at http://rdinit.usda.gov/regs/an_list.html.
Click on the AN listed below to view the document.

[AN 3967](#) - SFHGLP Applicant Credit History Verification

The purpose of this AN is to elaborate upon what forms of credit history and current debt verifications are acceptable for loans guaranteed under the SFHGLP. The intended outcome of this AN is to establish that Rural Development will accept similar verification methodologies currently acceptable to the residential mortgage industry, secondary markets, and other Federal agencies.

This AN replaces AN No. 3831 dated March 7, 2003.

[AN 3969](#) – SFHGLP Appraisals in Remote Rural Area and on Tribal Lands

The purpose of this Administrative Notice (AN) is to establish the use of replacement cost for new construction located in remote rural areas and on Tribal lands.

This AN replaces AN 3805, dated November 26, 2002.

[AN 3970](#) - Treatment of Applicant Collection Accounts SFHGLP

This AN is intended to clarify RD Instruction 1980-D, Section 1980.345(d) concerning collection accounts with outstanding balances. Specifically, this AN addresses whether it is required that the collection accounts with outstanding balances must be paid off prior to or at loan closing under the SFHGLP. If the lender determines that there are mitigating circumstances under RD Instruction 1980-D, Section 1980.345(d)(3), the participating lender's underwriter is responsible for deciding whether an applicant must pay off any collection accounts prior to or at settlement.

This AN replaces AN No. 3834, dated March 25, 2003.

[AN 3983](#) – SFHGLP Fee Increase for Purchase Loans

The purpose of this AN is to notify field offices of the increase in the SFHGLP guarantee fee for purchase loans from 1.5 percent to 1.75 percent.

UPCOMING EVENTS

September 9, 2004

[Iowa Mortgage Association Fall Conference](#)

Holiday Inn University Park, West Des Moines

October 11-14, 2004

[Iowa Association of Realtors Convention 2004](#)

Crowne Plaza Five Seasons Hotel, Cedar Rapids

November 3, 2004

[Iowa Home Ownership Education Project Fall Conference](#)

Scheman Building, Ames

USEFUL INFO

Iowa GRH Handbook <http://www.rurdev.usda.gov/ia/rhsg.html>

All Iowa GRH Newsletters <http://www.rurdev.usda.gov/ia/rhsgupdate.html>

RD Properties for Sale <http://www.resales.usda.gov/>

USDA, Rural Development <http://www.rurdev.usda.gov/>

Iowa USDA, Rural Development <http://www.rurdev.usda.gov/ia/>

USDA, Rural Development offices will be **closed** on the following holidays:

Monday, September 6, 2004 – Labor Day

Monday, October 11, 2004 – Columbus Day

Thursday, November 11, 2004 – Veteran's Day

Iowa State Office Single Family Housing Staff

Bruce McGuire, Program Director - bruce.mcguire@ia.usda.gov

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USDA, Rural Development

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To request **changes to our email list** such as removals or additions, please e-mail lynn.eilders@ia.usda.gov with your request. Be sure to include contact name, business name, location, phone number, and email address. We appreciate your assistance with the maintenance of our email list. Thank you.



Committed to the future of rural communities.

United States Department of Agriculture
Rural Development
Iowa State Office

August 2, 2004

TO: All Iowa Approved GRH Lenders

FROM: Dr. Dan Brown
State Director

SUBJECT: Fiscal Year 2004 Rural Development Section 502 Guaranteed Loan Program Funding

Your efforts with promoting opportunities for low and moderate-income rural homebuyers have pushed demand for Rural Development's section 502 guaranteed loan program to an all-time high. This is truly a commendable achievement and a positive development for rural America.

Program level funding for section 502 guaranteed purchase loans will likely be exhausted by late August. It is expected that the Agency will not be able to fund new guarantees for purchase loans from late August until mid-October (approximately 60 days). It is anticipated that funds for the Fiscal Year 2005 section 502 guaranteed appropriation will be available in October, subject to enactment by Congress and approval by the President.

You may continue to request loan guarantee reservations for individual loans at this time. Rural Development will issue reservation confirmations for as long as funding lasts. A loan's reservation confirmation from Rural Development means that funding for that loan's guarantee is assured upon request from the lender. When funding for reservations for new loan guarantees is depleted, Rural Development will no longer be able to issue reservation confirmations, but will continue to process loan packages.

During the time from late August until mid-October, when funding is expected to be exhausted, the Agency plans to continue to accept, review, and conditionally approve loan packages from lenders until Fiscal Year 2005 appropriations are received.

These loans can be approved "subject to the availability of funds", meaning they can be closed upon Agency approval, but the loan guarantee will not be issued until funds for the guarantee are available. Loan reservations will not be required for this procedure. Further instructions will follow at a later date.

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A similar procedure was instituted successfully last fiscal year in late August. Conversations with many of the larger nationwide approved lenders have indicated that they will continue to process and accept section 502 guaranteed loans subject to the availability of Fiscal Year 2005 funding.

There are ample funds available for section 502 guaranteed refinance loan transactions.

We regret the anticipated delay in guarantee authority and any disruption to lender processing. Your support of the section 502 guaranteed program is appreciated. For questions regarding this memorandum, please contact Iowa's USDA, Rural Development, Rural Housing at 515-284-4666.