



Committed to the future of rural communities.

United States Department of Agriculture  
Rural Development

TO: Participating GRH Lenders

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

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

## **NEW NEWS**

We are now issuing Conditional Commitments **SUBJECT TO APPRAISALS.**

**RESERVED funds** - On a temporary basis, RD is authorized to approve the obligation of GRH loans without an appraisal and inspections. Under this policy, the Agency may accept an application for a GRH loan from an eligible lender without the appraisal and inspections. This authorization will be effective for all GRH loan packages received by RD after September 1, 2004 and will continue until the end of FY 2004, September 30, 2004. RD will review the application package just as it would any other package, except for the appraisal and inspections. If the application meets all of the other requirements, RD will issue a Conditional Commitment subject to obtaining an appraisal that supports the loan request.

This authority is not intended to circumvent any of the GRH loan program requirements. The "Conditional Commitment for Single Family Housing Loan Guarantee" issued to the lender will contain the following language:

This commitment is contingent upon the lender providing an appraisal that meets the requirements of RD Instruction 1980-D, §1980.334 and satisfactory review of the appraisal. Final acceptance of the appraisal by this Agency is required before the lender closes the loan.



All loans obligated must meet all eligibility criteria. Before the "Loan Note Guarantee" can be issued, the appraisal must be obtained and reviewed by the Agency in the manner prescribed in RD Instruction 1980-D, §1980.334.

**These application packages must be received by COB, Wednesday, September 29, 2004, to ensure the GRH fee rate of 1.75% (rather than 2.00%).**

## **\$\$\$\$ - MONEY, MONEY, MONEY**

**Purchase** funds are **limited** - **Refinance** funds are **plentiful**.

As funding runs short for FY 2004 (ending 9/30/04), Rural Development will continue to accept, review, and conditionally approve loan packages from lenders until FY 2005 appropriations are received. So far, the following lenders have agreed to continue GRH business through that time:

- ☆ Iowa Bankers Mortgage Corporation
- ☆ Nationwide Advantage Mortgage
- ☆ Chase Manhattan Mortgage Corporation
- ☆ Allied Home Mortgage
- ☆ United Bank of Iowa
- ☆ Wells Federal Bank
- ☆ Wells Fargo Bank, NA
- ☆ LET US KNOW IF THERE ARE MORE!

The following steps will apply in these cases of no funding:

- 1) Rural Development will continue to accept completed section 502 guaranteed loan program applications from lenders. *Reservations* will not be made.
- 2) Rural Development will process, approve, and issue Conditional Commitments for those applications that are eligible with the following condition:

This Conditional Commitment is subject to the availability of Congressionally appropriated funds. No such funds are currently available. When funds become available, the Agency will notify the lender, and the guarantee process will continue subject to all applicable Agency regulations and conditions set forth in this Conditional Commitment. The lender may close the loan if it chooses prior to funding being available, but will assume all risk of loss prior to any issuance of a Loan Note Guarantee.

***Loans processed under these procedures will carry a guarantee fee of 2 percent due to an anticipated 25 basis point fee increase that may be enacted as part of the Fiscal Year 2005 appropriation. If the fee increase is not enacted, Rural Development will not collect the additional 25 basis point at the time of the issuance of the Loan Note Guarantee.***

- 3) Lenders may close these loans as scheduled.
- 4) Rural Development will "Obligate" funds for any loans processed in this manner when funds become available through Fiscal Year 2005 appropriations.
- 5) Once the loans are obligated with Fiscal Year 2005 appropriations, Rural Development will process lenders' Loan Note Guarantee requests as soon as the loans are verified as being closed and all conditions of the Conditional Commitments have been satisfied.
- 6) The lender assumes all loss default risk for the loan until Rural Development is able to fund it and issue the Loan Note Guarantee, and will be required to certify that the loan is not in default and that there have been no adverse changes in the borrower's financial condition as of the date the guarantee is issued.

Please note that Rural Development will not be able to issue Loan Note Guarantees for loans approved and closed as described in the above process until funding is made available. For loans subject to this process, Rural Development will insert language on its Conditional Commitment form indicating that the guarantee for the loan is subject to the availability of Congressionally appropriated funds.

Please keep in mind that those Loans in process that have a confirmed loan reservation from Rural Development from Fiscal Year 2004 appropriations will not be subject to delays in Loan Note Guarantee issuance due to lack of funding.

We're sorry for any inconvenience. Please contact your applicable Rural Development office if there are any questions:

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](http://rdinit.usda.gov/regs/an_list.html).  
Click on the AN listed below to view the document.

### [AN 4001](#) – SFHGLP Form RD 1980-17, “Loan Note Guarantee”

The purpose of this AN is to clarify RHS procedure on the issuance and retention of Form RD 1980-17, "Loan Note Guarantee," and affirm Agency policy on a lender's request for a duplicate copy.

*This AN replaces RD AN No. 3884 dated July 17, 2003.*

### [AN 4000](#) – SFHGLP RD Instruction 1980-D, Section 1980.324 Lender Charges and Fees

The purpose of this AN is to clarify Agency requirements under Instruction 1980-D, Section 1980.324(a) for routine charges and fees that lenders may charge borrowers. The Agency wishes to prevent lenders from charging excessive fees for guaranteed loans and to protect low- and moderate-income borrowers from paying excessive loan fees, or borrowing funds for fees that are not reasonable and customary. This AN does not apply to maximum interest rate requirements. Maximum interest rates should be handled according to RD Instruction 1980-D, Section 1980.320.

*This AN replaces RD AN 3883.*

## 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](mailto:bruce.mcguire@ia.usda.gov)

**Heather** Honkomp, Single Family Housing Specialist - [heather.honkomp@ia.usda.gov](mailto:heather.honkomp@ia.usda.gov)

**LindaKay** Rhoades, Rural Housing Specialist - [linda.rhoades@ia.usda.gov](mailto:linda.rhoades@ia.usda.gov)

**Lynn** Eilders, Rural Housing Assistant - [lynn.eilders@ia.usda.gov](mailto:lynn.eilders@ia.usda.gov)

Lender Assignments to **RD offices** are based upon the location of the customer's main office. Iowa RD offices may be found at [http://www.rurdev.usda.gov/ia/ia\\_locations.html](http://www.rurdev.usda.gov/ia/ia_locations.html) (click on the address or type it into your browser).

To request **changes to our email list** such as removals or additions, please e-mail [lynn.eilders@ia.usda.gov](mailto: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.

**210 Walnut Street, Room 873 · Des Moines, IA 50309**  
**PHONE: 515-284-4663 · FAX: 515-284-4859 · TDD: 515-284-4858 · [www.rurdev.usda.gov/ia](http://www.rurdev.usda.gov/ia)**  
**An Equal Opportunity Employer**