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# Info NOW

October 2004

## *A Publication of Rural Development's Guaranteed Single Family Housing Program*

### Thank You!

**Fiscal year 2004 (October 1, 2003, through September 30, 2004) has broken all lending records for the Rural Development Guaranteed Single Family Housing program. With your assistance, Rural Development has guaranteed over \$46 million to assist Maine households in obtaining adequate and affordable housing. Thank you for your dedication in assisting all of these families!**

### Loan Origination/Underwriting

**Guarantee Fee:** All loans obligated by Rural Development after September 30, 2004, will carry a two percent guarantee fee. It is anticipated that the fee will increase to two percent when the fiscal year 2005 budget is passed. If the budget should pass with a lower guarantee fee, any excess funds will be refunded to the lender.

**Underwriting Transmittal:** Just a reminder to all loan underwriters that the underwriting analysis submitted to Rural Development must be signed. The underwriting analysis can be done using the HUD 1008, Uniform Underwriting and Transmittal Summary; or if more documentation is required to explain credit waivers or multiple risk factors, underwriting may be in memo format.

**Escrow Waivers:** The Maine Escrow Waiver Pilot Program has been expanded to include all New England States and has also been extended for an additional three years. We hope this program makes it possible for lenders to work with applicants who need to complete home repairs after loan closing. A letter has been sent to all approved lenders working in Maine with the new "New England Escrow Waiver Request" form attached. This form will also be available on our web site at: [www.rurdev.usda.gov/me/SFH/approved\\_lenders.htm](http://www.rurdev.usda.gov/me/SFH/approved_lenders.htm).

**Correction Notice:** The letter sent to lenders on September 20, 2004, notifying you of the New England Escrow Waiver Pilot Program included a "signed" New England Escrow Waiver Request form. A blank form is attached to this newsletter or can be printed from our web site for use by lenders. A copy of the form with State Director Michael W. Aube's signature will not be accepted from lenders. We apologize for any inconvenience this may have caused.

**Income Verifications:** In accordance with the RD AN No. 3949 (1980-D), the following are deemed acceptable documentation in verifying the employment income of non-self-employed applicants:

- Form RD 1910-5, "Request for Verification of Employment," (or the equivalent HUD/FHA/VA or Fannie Mae form) **and** the most recent paycheck stub; or
- Paycheck stubs or payroll earnings statements covering the most recent 30-day period, **and** W-2 tax forms for the previous two tax years, **and** a telephone verification of the applicant's current employment; or
- Electronic verification or other computer-generated documents accessed and printed from an Intranet or Internet site, **and** W-2 tax forms for the previous two tax years, **and** a telephone verification of the applicant's current employment.

**Minority Homeownership:** Increasing minority homeownership is a major goal established by President Bush and the USDA. Rural Development's Guaranteed Single Family Housing Program is a great program to assist minorities and remove one of the major barriers of homeownership by eliminating the down payment requirement. Please take extra care in completing your applications to be sure we are accurately reporting loans to minorities.

**Acceptance of Termite Forms:** Lenders in York and Cumberland Counties should refer to RD AN No. 3997 (1924-A) dated July 14, 2004, regarding the appropriate forms for termite and insect infestation inspection reports. This AN can be found on our web site at: [http://rdinit.usda.gov/regs/an\\_list.html](http://rdinit.usda.gov/regs/an_list.html). If you have any questions, please contact the area office nearest you.

Citizenship: Any applicant who is a non-U.S. Citizen must supply proper documentation to be considered for Rural Development's Guaranteed Single Family Housing Program. RD AN No. 3913 (1980-D), dated October 4, 2003, lists the documents that are acceptable evidence of immigration status for eligibility. This administrative notice can be found at:

[http://rdinit.usda.gov/regs/an\\_list.html](http://rdinit.usda.gov/regs/an_list.html). Only the documents listed in the administrative notice can be accepted by Rural Development as adequate evidence of being legally admitted to the United States for permanent residence or on indefinite parole.

Appraisals: When requesting an appraisal for a loan that will be guaranteed by Rural Development, please ask your appraiser to include Rural Development as an intended user of the report under the "Lender/Client" section. We can be named individually with the lender,

or the appraiser can identify the lender and include "and other funding sources."

Appraisers should also be reminded to indicate the type of appraisal being completed, complete summary appraisal report, limited appraisal report, etc.

New Construction: Rural Development can guarantee loans for new construction. The following items must be submitted to receive the Loan Note Guarantee:

- Plan Certification – Stating plans meet the required building code
- Three inspection reports completed: (1) at the time the footings are poured, but prior to backfill; (2) when rough plumbing and electrical are complete, prior to wall coverings being installed; and (3) at the time of the final inspection.

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