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# Info NOW

June 2004

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

### **Notice: Guarantee Fee Rate Change**

Rural Development has announced a change in the Guarantee Fee for all purchase loans approved by the agency on or after June 1, 2004. The new fee will be 1.75 percent of the loan amount for all purchase loans. The guarantee fee on refinanced loans will remain at .5 percent. Loans are considered approved by Rural Development once the Conditional Commitment is issued. For more information, see our letter to lenders dated March 10, 2004. This letter is also posted on our website at: [www.rurdev.usda.gov/me](http://www.rurdev.usda.gov/me).

(Note to Lenders – The letter was inadvertently dated March 10, 2004; the correct date should have been May 10, 2004.)

**Credit Scores:** When evaluating applicant credit history, the credit history of the co-applicant must also be taken into consideration. Streamlined documentation will continue to be available for primary wage earners with a representative FICO score of 660 or higher, as long as there is no co-applicant with a representative FICO score under 620. For more information on this topic see Rural Development Administrative Notice No. 3948(1980-D) dated March 3, 2004, at [http://rdinit.usda.gov/regs/an\\_list.html](http://rdinit.usda.gov/regs/an_list.html).

**Loan Underwriting:** Lenders must underwrite all loans before they are submitted to Rural Development for a Conditional Commitment. The agency expects the underwriter to prepare a sufficiently detailed underwriting summary, describing the key factors in the underwriting process with an emphasis on the strengths and weaknesses of the individual case. Many underwriters use Fannie Mae Form 1008, Uniform Underwriting and Transmittal Summary.

Underwriters that choose to use this form should use Sections III and VII to summarize key factors in the underwriting process, such as stability of income, debt to income ratios, ratio waivers, credit history, adverse credit waivers, payment shock, property considerations, and other comments pertinent to the underwriting decision. For more information on lender underwriting guidelines, see Rural Development Administrative Notice No. 3940 (1980-D) dated February 18, 2004, at [http://rdinit.usda.gov/regs/an\\_list.html](http://rdinit.usda.gov/regs/an_list.html).

**Loan Processing:** A new Lender Checklist for submitting guarantee requests to Rural Development has been issued. You can obtain a copy from our website at: [www.rurdev.usda.gov/me](http://www.rurdev.usda.gov/me).

**Property Inspections:** Please remember that "Wood Destroying Insect Infestation Reports" are required for all existing homes in Cumberland and York Counties.

**Eligible Areas:** Rural Development eligible areas will be expanded to include the Augusta and Waterville areas with no restrictions. This change should be effective within the next few weeks. Contact your area office if you have questions or properties you want to finance in these areas.

**Newsletters:** All Newsletters will be provided by email – not through the postal service. Lenders will be sent the newsletter by email and it will be posted on our website. If you know of someone who wants to receive the newsletter by email, please send an email request to [Emily.Farkas@me.usda.gov](mailto:Emily.Farkas@me.usda.gov).

The following items will also be posted or linked to our website:

- Lender letters
- Checklists developed for use by lenders
- Eligible area maps
- Procedures
- Administrative Notices
- Rural Development forms

**Rural Development Personnel:** As most of you know by now, we have lost two loan specialists in our guaranteed single family housing program. Daphne Feeny, who was in our Scarborough Area Office, has relocated to another state; and Valarie Flanders, who was in our Bangor Area Office, has moved to a different program area within Rural Development. While they are missed, we certainly wish them both well in their new positions.

We have some very dedicated individuals who are "filling the gaps" until Daphne's and Valarie's positions are filled. In Scarborough you can contact Marjorie Strang or Heather MacConnell; and in Bangor you can contact Kathi Cross.

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This newsletter is posted on our website at [www.rurdev.usda.gov/me](http://www.rurdev.usda.gov/me).

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