

**Part 1980 - General**

**SUBPART D - Rural Housing Loans**

1980.301 Introduction

This instruction supplements and adapts FmHA Instruction 1980-D for Rural Housing loan guarantees to conditions in North Dakota.

1980.301 (c) Program Administration

Processing of Single Family Rural Housing Guaranteed Loan Program For North Dakota.

Guaranteed Rural Housing Loan Program applications will be processed by the Rural or Local Office from the lenders located in their service area. Rural Development staff will provide lenders information and guidance in processing a Rural Housing Guarantee.

The lender will submit the application to the appropriate Rural Development office for processing.

1980.309 (d) Handling Applications for Lender Eligibility

Each approved lender is listed on Exhibit A of this Subpart. For information concerning out-of-state lenders approved by the National Office, contact the State Office.

1980.311(b) High-Cost Areas and Maximum Mortgage Loan Limits

High-Cost areas and maximum mortgage loan limits are established and periodically updated by the Department of Housing and Urban Development (HUD). High cost areas and maximum loan limits are indicated in Exhibit B of this subpart.

1980.320 Interest Rates

If the lender is using the North Dakota Housing Finance Agency (NDHFA) First-Time Home Buyer Program, the interest rate charged by the participating lender will be determined by the ND Housing Finance Agency. It is not to exceed the published rate for VA first mortgage loans with no discount points or the current Fannie Mae rate, whichever is higher. The contact person at NDHFA is Michael A. Anderson, Director, Single Family Programs, Box 1535, Bismarck, ND 58502, phone number (701) 328-8060.

**North Dakota Instruction 1980-D**

The rate charged may not exceed the current Fannie Mae posted yield for 90-day delivery (Actual/Actual) plus six-tenths of 1 percent for 30-year fixed rate conventional loans. Call the Fannie Mae 24 hour hot-line at 1-800-752-7020 to obtain the current rate. The lender must document the rate and date it was determined.

**1980.341(b) Inspection of Construction and Compliance Reviews**

Inspections must be made by a party the lender determines is qualified. For existing dwellings, inspections must be made to determine compliance with HUD HANDBOOK 4150.1, 4905.1 and FmHA Thermal Standards prior to submission to Rural Development for a Conditional Commitment. Lenders may use Exhibit C of this Subpart to assist them in these inspections.

**1980.345(f) Credit Alert Interactive Voice Response System (CAIVRS)**

Approved lenders must verify through HUD's CAIVRS if the applicant/borrower is delinquent on any Federal debt. Exhibit D is a step by step script for lenders to use to access the CAIVRS system.

When a lender is approved, the State Office completes Exhibit E and submits it to the Finance Office in order for the lender to access CAIVRS. There may be a lender(s) who was approved prior to the State Office completing Exhibit E who can not access CAIVRS. If a Field Office is made aware of a lender who cannot access CAIVRS, the Field Office must complete Exhibit E and fax it to Guaranteed Loan Processing, Attn: David Ryffel, at (314) 539-3110.

**1980.351 Request for Reservation of Funds**

When an originating approved lender receives a feasible loan application and before loan underwriting, the lender must request a Reservation of Funds for the application. This is to be done when the lender has a complete application that clearly indicates the borrower has sufficient qualifying income and an adequate credit history.

In order to reserve funds, the lender must complete Form RECD 1980-86, "Reservation of Funds". This form is to be sent to the Rural Development office that will be processing the application. When the Rural Development office receives the form, they will fax it to the State Office to enter on the system and issue the Reservation of Funds to the lender.

**1980.353(C) Filing and Processing Applications**

A checklist, Exhibit F, has been developed to assist in the sequential processing of the application. The checklist is divided into five sections indicating who is responsible for each phase of the process from origination to selling on the secondary market. To facilitate processing, the use of the telephone and fax machine is encouraged to obtain complete applications.

**North Dakota Instruction 1980-D**1980.354(a) Funding Authority

Field Office loan approval authority is in accordance with FmHA Instruction 1901-A.

1980.370(d) Loan Servicing

Lenders are to provide field offices with RD 1980-81, "Guaranteed Rural Housing Borrower Default Status," when a borrower becomes delinquent. Field Offices will keep the original and provide copies to the Finance Office and State Office. Field Offices will establish a tracking system to monitor delinquent borrower accounts. The State Office will be consulted on all cases involving liquidation of an account by the lender.

1980.392 (b) Funded Buydown Accounts

Borrowers who qualify for a Guaranteed Rural Housing loan may also qualify for the North Dakota Housing Finance Agency (NDHFA) Step Rate Interest Program. This program permits the borrower's monthly payment to be reduced during the first two years of the loan. The Step Rate Program provides an interest rate reduction for the first and second year of the loan. The third and all the following years of the loan will be at the note rate. Even though the interest rate is reduced during the first two years, the loan is still considered to be a fixed rate loan.

All borrowers who qualify at the third year interest rate, which is the note rate, are eligible. Borrowers who qualify at the first and second year reduced interest rate are also eligible when the lender provides acceptable documented compensating factors. The compensating factors must indicate the borrower's ability to meet the expected increase in loan payments starting on the third year.

Attachments: Exhibit A, B, C, D, & F

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**MAXIMUM MORTGAGE LOAN LIMITS**

Guaranteed Rural Housing Loans may not exceed the Basic Limit, unless the eligible property is located in a designated "high-cost" area identified by the Department of Housing and Urban Development (HUD). There are currently five counties in North Dakota which have been established as high cost-areas. They are as follows with their corresponding loan limits.

Cass County	\$ 99,800
Morton County	\$ 95,100
Burleigh County	\$ 95,100
Grand Forks County	\$101,050
Ward County	\$ 91,750
All Other Counties (Basic Limit)	\$ 86,317

INSPECTION REPORT  
EXISTING DWELLINGS  
FOR  
RURAL HOUSING SERVICE  
GUARANTEED RURAL HOUSING

Applicant's Name \_\_\_\_\_

Property Address \_\_\_\_\_  
\_\_\_\_\_

Lender's Name \_\_\_\_\_

Address \_\_\_\_\_  
\_\_\_\_\_

I certify the existing dwelling located at the above address has been inspected for the purposes indicated in FmHA Instruction 1980.341. The property:

\_\_\_\_\_ does    \_\_\_\_\_ does not    meet the requirements of HUD Handbook 4150.1 and 4901.1. If it does not meet, list what has be done.

\_\_\_\_\_ does    \_\_\_\_\_ does not    meet the Thermal Standards according to FmHA Instruction 1980.313(f). If it does not meet, list what has to be done.

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signed

\_\_\_\_\_  
Title

Rural Housing Service (RHS)  
Guaranteed Rural Housing (GRH) Program

The following instructions are for lenders approved to participate in the RHS GRH program for use in determining if the applicant for a GRH loan is delinquent on a Federal debt:

1. To access HUD's Credit Alert Interactive Voice Response System (CAIVRS)  
**dial (301) 344-4000**

CAIVRS SCRIPT: "Welcome to the HUD, Voice Response System. To access the Credit Alert System, press 1. To access the Line of Credit of Control System, press 2. If you have completed your call, press 0. Thank you."

2. **ENTER 1**

CAIVRS SCRIPT: "You have reached the HUD, Credit Alert System. Please enter your Credit Alert Access Code, and then press #."

3. **ENTER the CAIVRS ACCESS CODE which is the Lender's Tax ID Number, then press #. (Note: Nine digit I.D.'s should be preceded by "0")**

CAIVRS SCRIPT: "If you are processing:  
A HUD Title 1 loan, press 1.  
An FHA, Single Family Mortgage loan, press 2.  
A HUD 312, LPA, press 3.  
A Veterans Administration loan, press 4.  
USDA Rural Housing loan, press 5.  
A Rural Development loan, press 6.  
A Department of Education loan, press 7.  
A Small Business Administration loan, press 9."  
etc.

4. **ENTER 5, then press #**

CAIVRS SCRIPT: "Please now enter applicant's Social Security or Tax Identification number."

5. **ENTER applicant's SS number or Tax ID number.**

**6. ENTER Y or N as appropriate**

CAIVRS SCRIPT: CAIVRS will return one or more of the following responses, depending on the information returned from the Unisys:

- “There are no cases for this applicant.
- There is a claim for this applicant.
- There is a default for this applicant.
- There is a foreclosure for this applicant.
- There are multiple cases for this applicant.
- There is a Department of Justice Judgment against this applicant.”

CAIVRS will return one or more of the following messages if applicable:

- “Title 1
- FHA Single Family Mortgage
- HUD 312
- Veterans Administration Loan
- USDA Rural Housing Loan
- Rural Development Loan
- Small Business Administration Loan
- Department of Justice
- Department of Education Loan” etc.

In conjunction with each of the above cases, should any exist, CAIVRS will return one or more of the following messages including the case number and contact point:

- “Claim
- Default
- Foreclosure
- Judgment”

“Credit Alert confirmation number is \_\_\_\_\_.” (see notations below)

- *The Lender will clearly document both its CAIVRS identifying number (its Tax I.D. number) and the borrower’s/coborrower’s CAIVRS confirmation number near the signature line on the borrower’s loan application form.*
- *For Lenders using the MortgageWare or other similar software package, do not enter fifth position of the confirmation number which is always a “0.” This will result in a nine character CAIVRS confirmation number as opposed to the current ten character CAIVRS confirmation number.*

“If you would like the access information repeated, press 1. Or, if you would like to enter another applicant number for the same type loan, press 2. Or, for a different type loan, press 3. To return to the main menu, press 0. If call completed, you may hang up now.”

“Thank you for using the HUD Voice Response System.”

**7. Enter your choice or hang up.**