

RD AN No. 4636 (1980-D)
March 20, 2012

TO: State Directors
Rural Development

ATTENTION: Housing Program Directors,
Guaranteed Loan Specialists,
Area Directors and Area Specialists

FROM: Tammye Treviño *(Signed by Tammye Treviño)*
Administrator
Housing and Community Facilities Programs

SUBJECT: Single Family Housing Guaranteed Loan Program
Checklist for Guaranteed Loans – For Use by Agency

PURPOSE/INTENDED OUTCOME:

The purpose of this Administrative Notice (AN) is to update the uniform checklist utilized by Agency employees in delivering the Single Family Housing Guaranteed Loan Program (SFHGLP). This checklist is intended to be utilized as a tool, to achieve uniformity of data and documentation among all States in response to a lender's request for a Conditional Commitment for Loan Note Guarantee. This checklist replaces all state created checklists. It is a required essential document for imaging to the Rural Development Imaging Repository.

COMPARISON WITH PREVIOUS AN:

This AN replaces RD AN No. 4550 (1980-D), dated January 19, 2011, which expired on February 28, 2012.

EXPIRATION DATE:
March 31, 2013

FILING INSTRUCTIONS:
Preceding RD Instruction 1980-D

BACKGROUND:

RD Instruction 1980-D, Section 1980.353(c), outlines the Lender process for filing and processing an application for loan note guarantee. Section 1980.354 outlines the Agency review of applications received. To reiterate a structured and consistent review process among all states a national *Agency Documentation and Processing Checklist* was developed. The purpose of the checklist is to promote consistent processing and delivery of the SFHGLP nationwide.

IMPLEMENTATION RESPONSIBILITIES:

The *Agency Documentation and Processing Checklist* is designed to be utilized as a tool to assist in developing, processing and closing a Section 502 Guaranteed Rural Housing loan. A uniform checklist will ensure:

- A complete, fully documented application is received by the Agency.
- Documentation required of lenders for approval of their loan guarantee request will be consistent nationwide. This will also assist in ensuring the lender’s permanent loan file contains the minimal essential documents to support the loan request, resulting in positive future Compliance Reviews.
- Documentation received by the Agency will meet minimal essential requirements and will be interpreted and prepared consistently nationwide. This will result in loans that are properly recorded, accounted for, reported and in compliance with applicable regulations.

This checklist has been developed as a tool for states. The checklist consists of 7 detailed pages. Page 1 captures loan, applicant(s), property and lender information as well as outlines application steps required prior to processing a lender’s commitment request for loan note guarantee. Pages 2 through 6 have 3 columns as follows:

Column	Type of File/Identification of Documents	Explanation of Columns
1	GUS (Guaranteed Underwriting System) Accept	The file is submitted to the Agency via GUS and receives an “Accept” recommendation.
2	Manual UW (Underwrite)	The file was not submitted to the Agency via GUS, or the file was submitted to the Agency via GUS and received either a “Refer” or “Refer with Caution” recommendation.
3	Documentation *	Written documentation required in accordance with §1980.353(c) of RD Instruction 1980-D to establish a permanent file, populate the Guaranteed Loan System (GLS); issue a Conditional Commitment and Loan Note Guarantee.

* GUS “Accept” files that are selected for a full documentation submission to the Agency do not require the lender to submit a credit or ratio waiver. The lender will provide the Agency

with documentation required of a manual underwrite. The selection of fully documented loan files in GUS is designed to ensure the data provided by the lender mirrors that of the data and documentation in the lender's permanent file.

* Many states utilize the checklist and documentation detail provided in column 3 to populate GLS.

To ensure each step of processing has been considered; columns 1 and 2 should be completed by states. Completing the specific detail provided in column 3 will be at the discretion of the state. The intent of column 3 is to assist states in identifying the multiple steps involved in processing a loan guarantee request and can be utilized as a processing guide. Page 7 may be used to capture any communication or running record for the case, but is not required. Each state is charged with instructing employees on the state requirements regarding column 3 of this checklist. A fillable version of this checklist will be posted to the Agency's SharePoint website upon publication of this AN.

Questions regarding this AN may be directed to:

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Attachment

Rural Development - Guaranteed Rural Housing Agency Documentation and Processing Checklist

Loan Request: \$ _____
Loan Purpose: <input type="checkbox"/> Purchase - Sales Price: \$ _____ <input type="checkbox"/> Refinance - Amount: \$ _____
If a Refinance, the loan being refinanced is a RD Single Family Housing <input type="checkbox"/> Guaranteed Loan <input type="checkbox"/> Direct Loan
If a Refinance is a <input type="checkbox"/> Stream-lined <input type="checkbox"/> Non-streamlined
Additional Loan Purposes:
<input type="checkbox"/> Closing Costs: \$ _____ <input type="checkbox"/> Repairs: \$ _____
<input type="checkbox"/> Guarantee Fee: \$ _____ <input type="checkbox"/> Other: \$ _____
<input type="checkbox"/> Escrow: \$ _____

Applicant Information		Co-Applicant	
Name: _____	Name: _____	SSN: _____	Age: _____
Borrower ID: _____	Co-Borrower ID: _____	First Time Homebuyer <input type="checkbox"/> Yes <input type="checkbox"/> No	Veteran <input type="checkbox"/> Yes <input type="checkbox"/> No
Applicant's Credit Score: _____ <input type="checkbox"/> No Score	Co-Applicant's Credit Score: _____ <input type="checkbox"/> No Score	Property Information	
Property Address: _____			
City, State, Zip Code: _____		County: _____	
Confirm property in eligible rural area Eligible Area <input type="checkbox"/> Yes <input type="checkbox"/> No		Congressional District: _____	
Lender Information		Submitting Financial Organization	
Approved Lender: _____		Submitting Lender: _____	
Lender ID: _____		Submitting Lender ID: _____	
Contact Information (Name/fax #): _____			
Application Processing Steps		Action Steps	
Date	Initials of Employee	Application package received	
		Application package complete	
		Checked www.epls.gov – Applicant(s) or Contractor, as applicable. Print confirmation page from web. Image as an essential document.	
		Checked MortgageServ – Customer Cross Reference	
		CAIVRS Check for each applicant – GLS/GUS will automatically populate CAIVRS confirmation #.	
		Check GUS for "Final" Submission from Lender	

Conditional Commitment Request		Written documentation of the following should be submitted, in accordance with §1980.353(c) of RD Instruction 1980-D when requesting a Conditional Commitment for Loan Note Guarantee. GUS Underwriting Recommendations of "Refer" and "Refer with Caution" or a full documentation file selected for quality control will adhere to "Manual UW" requirements, except as otherwise noted.
GUS Accept	Manual UW	Documentation [Completion of this column is optional]
Lender Request		
<input type="checkbox"/>	<input type="checkbox"/>	Form RD 1980-21, Request for Single Family Housing Loan Guarantee <input type="checkbox"/> Completed and executed by all borrowers and lender <input type="checkbox"/> Interest rate is locked. Lock date: _____ <input type="checkbox"/> For locked rates, rate confirmed to meet §1980.320 of 1980-D. https://www.efanniemae.com/syndicated/documents/mbs/apeprices/archives/cur30.html Interest Rate: _____ % Max Rate: _____ Date confirmed: _____ <input type="checkbox"/> Interest rate is floating. Condition for lock date.
Lender Underwriting		
	<input type="checkbox"/>	Underwriting Analysis (FNMA 1008/FHLMC 1077 or similar) <input type="checkbox"/> Confirmed/executed by Underwriter <input type="checkbox"/> Credit waiver documented by Lender? <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A [Note: A GUS quality control full documentation file does not require documentation of a credit waiver or supporting compensating documents] Payment Shock (PITI ÷ current housing expense – 1) _____ % Note: Payment shock is not a risk factor unless PITI > 29% (31% for Rural Energy Plus Loans) <input type="checkbox"/> Verification of Rent? <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A Note: Required for files that do not qualify for streamlined documentation. <input type="checkbox"/> Ratio waiver documented by Lender? <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A [Note: A GUS quality control full documentation file does not require a ratio waiver request or supporting compensating documents] <input type="checkbox"/> Evidence of compensating factors submitted by Lender? <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/> Ratio waiver reviewed and granted? <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/> Energy efficient property? <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A Note: If subject property meets Rural Energy Plus program expanded ratios apply without the necessity to grant a ratio waiver. PITI Ratio _____ TD Ratio _____ Funded Buydown? <input type="checkbox"/> Yes <input type="checkbox"/> No Full documentation file
<input type="checkbox"/>	<input type="checkbox"/>	GUS Underwriting Findings and Analysis Report Applicable to a GUS "Refer or Refer With Caution" in addition to "Accept." Note: Agency reviews report electronically. Lender submission or printing by Agency not required.
Lender Credit Documentation		
	<input type="checkbox"/>	Uniform Residential Loan Application (URLA – FNMA 1003/FHLMC 65) Note: Review URLA electronically for a GUS /ACCEPT. Not required to print. <input type="checkbox"/> Executed by the applicant(s)? <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Executed by interviewing lender? <input type="checkbox"/> Yes <input type="checkbox"/> No
	<input type="checkbox"/>	Credit Report <input type="checkbox"/> Tri - Merged <input type="checkbox"/> RMCR <input type="checkbox"/> Non-traditional <input type="checkbox"/> Within 120 days of loan closing (purchase existing) <input type="checkbox"/> Within 180 days of loan closing (new construction) <input type="checkbox"/> Verification of Rent or <input type="checkbox"/> N/A

GUS Accept	Manual UW	Documentation [Completion of this column is optional]
	<input type="checkbox"/>	<p>Income Verification</p> <p><input type="checkbox"/> Within 120 days of loan closing(purchase existing)</p> <p><input type="checkbox"/> Within 180 days of loan closing (new construction)</p> <p style="text-align: center;">Income from employment:</p> <p><input type="checkbox"/> Full Documentation: Written VOE; most recent paystub</p> <p><input type="checkbox"/> Alt. Documentation: Verbal VOE; 30 days earning statements with YTD (original or electronic copies); 2 years W-2's or income tax returns</p> <p><input type="checkbox"/></p> <p style="text-align: center;">Income from other sources (examples not all inclusive):</p> <p><input type="checkbox"/> Social Security <input type="checkbox"/> Retirement <input type="checkbox"/> Child Support <input type="checkbox"/> Alimony</p> <p><input type="checkbox"/> Commissions <input type="checkbox"/> Interest <input type="checkbox"/> Government Assistance</p> <p style="text-align: center;">Income from self-employment:</p> <p><input type="checkbox"/> 2 years tax returns <input type="checkbox"/> Profit/Loss Stmt <input type="checkbox"/> Balance Stmt</p> <p style="text-align: center;">Income from other adult members of the household:</p> <p>Household income from other adult members: <input type="checkbox"/> Yes <input type="checkbox"/> No</p>
	<input type="checkbox"/>	<p>Income Calculation</p> <p># Household Members _____ # Dependents _____</p> <p>Maximum Adjusted Household Income for County: \$ _____</p> <p>Annual Household Income \$ _____</p> <p>Adjusted Annual Household Income \$ _____</p> <p>Repayment Income (Monthly) \$ _____</p> <p>Monthly Mortgage Credit Certificate \$ _____</p> <p>Income Category: <input type="checkbox"/> Very-Low <input type="checkbox"/> Low <input type="checkbox"/> Moderate</p>
<input type="checkbox"/>	<input type="checkbox"/>	<p>Evidence of qualified alien (If the applicant is not a US citizen)</p> <p><input type="checkbox"/> Confirmed applicant(s) is a qualified alien (if applicable) by running through SAVE.</p>
Property Information:		
<input type="checkbox"/>	<input type="checkbox"/>	<p>Uniform Residential Appraisal Report (URAR) FNMA 1004/FHLMC 70 [N/A - applicable to streamlined refinance]</p> <p><input type="checkbox"/> URAR contains 1004 MC (Market Conditions Addendum)</p> <p><input type="checkbox"/> Within 180 days of the request for conditional commitment</p> <p>Construction Type: <input type="checkbox"/> On-Site <input type="checkbox"/> Modular/Panelized <input type="checkbox"/> Manufactured</p> <p>Estate Type: <input type="checkbox"/> Fee Simple (non-reservation) <input type="checkbox"/> Allotted Land <input type="checkbox"/> Tribal Trust Land</p> <p><input type="checkbox"/> Individual Trust Land <input type="checkbox"/> Leased land (non-tribal) <input type="checkbox"/> Fee Simple (on a reservation)</p> <p>Project Type: <input type="checkbox"/> Condo <input type="checkbox"/> PUD <input type="checkbox"/> COOP <input type="checkbox"/> N/A</p> <p>Structure Type: <input type="checkbox"/> Attached <input type="checkbox"/> Detached</p> <p>Appraisal Company/Appraiser Name: _____</p> <p>Date of Appraisal/Date Received: _____</p> <p>Appraised Value: \$ _____ <input type="checkbox"/> As-is <input type="checkbox"/> As improved</p> <p>Land Value \$ _____ Dwelling Age _____</p> <p>Living Area Sq Ft _____ Lot Size Sq Ft _____ or Lot Size Acres _____</p>

GUS Accept	Manual UW	Documentation [Completion of this column is optional]
		<p>Continued - Uniform Residential Appraisal Report (URAR) FNMA 1004/FHLMC 70</p> <p>Community <input type="checkbox"/> 10,000 or less <input type="checkbox"/> Over 10,000</p> <p style="text-align: center;">Existing Property:</p> <p><input type="checkbox"/> Meets HUD handbooks OR <input type="checkbox"/> Full Home Inspection</p> <p style="text-align: center;">New Construction:</p> <p>The lender's permanent file must contain evidence that plans and specs comply with development standards.</p> <p>The lender's permanent file must contain evidence that inspections and an acceptable warranty have been obtained.</p> <p><i>Note:</i> The Agency has the option to request this information from the lender in appropriate situations (i.e. review of new lender, compliance review, loss claim, etc.)</p> <p style="text-align: center;">Other Inspections Required:</p> <p><input type="checkbox"/> Septic <input type="checkbox"/> Well <input type="checkbox"/> Termite [check if applicable]</p> <p><i>Note:</i> Other inspections, as applicable, to be retained in lender's permanent case file if the appraiser, inspector or state law requires a third party inspection.</p> <p style="text-align: center;">Other Property Features:</p> <p>In-ground pool <input type="checkbox"/> Yes <input type="checkbox"/> No Energy-efficient <input type="checkbox"/> Yes <input type="checkbox"/> No</p>
<input type="checkbox"/>	<input type="checkbox"/>	<p>FEMA Form 81-93, Standard Flood Determination Form</p>
		<p>Dwelling located in Flood Plain <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>The elevation of the first floor of habitable space must be at or above 100-year flood plain.</p> <p><i>Note:</i> Elevation Certificate or comparable required to determine BFE if located in flood plain.</p>
	<input type="checkbox"/>	<p>Sales Contract</p>
		<p>Purchase Agreement or Earnest Money Agreement</p>
<p>The Rural Development review will consist of the following actions in accordance with §1980.354 of RD Instruction 1980-D when a lender requests a Conditional Commitment for Loan Note Guarantee.</p>		
<input type="checkbox"/>	<input type="checkbox"/>	<p>Form RD 1922-15, Administrative Appraisal Review for Single Family Housing</p> <p><input type="checkbox"/> N/A [applicable to streamlined refinance – no appraisal required]</p> <p>Completed by Loan Approval Official.</p>
<input type="checkbox"/>	<input type="checkbox"/>	<p>Form RD 1940-22, Environmental Checklist for Categorical Exclusions</p> <p><input type="checkbox"/> N/A [Typically N/A for refinance transactions]</p> <p>Completed by Loan Approval official prior to Conditional Commitment when eligible for categorical exclusion. Examples (not inclusive) of protected resources requiring preparation of Form RD 1940-21.</p> <p><input type="checkbox"/> floodplains <input type="checkbox"/> coastal barriers <input type="checkbox"/> historic properties</p> <p><input type="checkbox"/> wilderness <input type="checkbox"/> wetlands <input type="checkbox"/> Coastal Zone Management</p>
<input type="checkbox"/>	<input type="checkbox"/>	<p>Form RD 1940-21, Environmental Assessment for Class I Action, as applicable.</p> <p><input type="checkbox"/> N/A [Typically N/A for refinance transactions]</p> <p>Completed by Loan Approval official when ineligible for categorical exclusion.</p>
<input type="checkbox"/>	<input type="checkbox"/>	<p>Rural Development Decision</p> <p><input type="checkbox"/> Approved - Prepare Form RD 1980-18</p> <p>Date of Form RD 1980-18, Conditional Commitment for Loan Note Guarantee: _____</p> <p>Approval Official: _____</p> <p><input type="checkbox"/> Notify Lender by: <input type="checkbox"/> Fax; <input type="checkbox"/> E-Mail; <input type="checkbox"/> Regular Mail</p> <p><input type="checkbox"/> Denied - Denial Official: _____</p> <p>Date of letter with applicable appeal rights: _____</p>

GUS/GLS Processing Steps by Rural Development		The following steps must occur to update the data warehouse. The steps apply to approved, denied or withdrawn applications.
GUS Accept	Manual UW	Documentation [Completion of this column is optional]
<input type="checkbox"/>	<input type="checkbox"/>	<p>Complete the Borrower Maintenance page in GLS</p> <p>Establish the borrower(s) in GLS. Complete for each borrower.</p> <p><i>Note:</i> If the loan was a final submission underwritten with the assistance of GUS, the Borrower Maintenance Screen will be automatically completed unless the borrower is already established in GLS.</p>
<input type="checkbox"/>	<input type="checkbox"/>	<p>Complete the Add Application page in GLS.</p> <p><input type="checkbox"/> GUS Loans: Complete the USDA Administration page. Save the page. Submit the application to GLS.</p> <p><input type="checkbox"/> Non-GUS Loans: Complete the Add Application page in GLS.</p> <p><i>Note:</i> The CAIVRS service will automatically populate each borrower's CAIVRS confirmation #.</p>
<input type="checkbox"/>	<input type="checkbox"/>	<p>Complete the Obligation Request page in GLS</p> <p>Date of Obligation in GLS: _____ (GLS 1A obligation transaction processed)</p>
The following documentation must be received and steps completed to issue a Loan Note Guarantee.		
<input type="checkbox"/>	<input type="checkbox"/>	<p>Form RD 1980-19, Guaranteed Loan Closing Report</p> <p>Note: This form is not required for lenders participating in Electronic Loan Closings.</p> <p>Date Loan Note Guarantee request received: _____</p> <p>Date of Loan Closing: _____</p> <p><input type="checkbox"/> Completed and executed by lender</p> <p>Loan closed for amount of commitment: <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Loan closed for interest rate on commitment: <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If No, determine if rate was floating at issuance of commitment. Obtain documentation of lock date and confirm rate meets §1980.320 and requirements of §1980.360(a)(1), RD 1980-D.</p>
<input type="checkbox"/>	<input type="checkbox"/>	<p>Lender Certification – Continuing page of Form RD 1980-18</p> <p><input type="checkbox"/> Completed and executed by lender after closing.</p>
<input type="checkbox"/>	<input type="checkbox"/>	<p>Documentation of Conditions</p> <p><input type="checkbox"/> Documentation of date interest rate locked (if floating), as applicable</p> <p><input type="checkbox"/> Confirmation of escrow development completion, as applicable</p> <p>Note: Loan Note Guarantee may be issued if escrow established in accordance with §1980.315, RD 1980-D.</p> <p>Documentation other conditions are met <input type="checkbox"/> Yes <input type="checkbox"/> No</p>
<input type="checkbox"/>	<input type="checkbox"/>	Promissory Note , copy
<input type="checkbox"/>	<input type="checkbox"/>	HUD-1 Settlement Statement , copy of final
		Confirm all credit documentation is within acceptable time frames. <input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/>	<input type="checkbox"/>	<p>Issue Form RD 1980-17, Loan Note Guarantee</p> <p>Date Loan Note Guarantee Issued: _____</p> <p>Approval Official Issuing LNG: _____</p> <p><input type="checkbox"/> Notify Lender by: <input type="checkbox"/> Fax; <input type="checkbox"/> E-Mail; <input type="checkbox"/> Regular Mail</p>

GUS Accept	Manual UW	Documentation [Completion of this column is optional]
Wholesale Lockbox Procedures (WLB) by Rural Development		
<input type="checkbox"/>	<input type="checkbox"/>	<p>The following collection steps are required to process guarantee fees. Collections must be secured in a fire-proof locked safe. Collections greater than \$100 must be processed daily.</p> <p>Form RD 451-2, Schedule of Remittances Online fill-able form available.</p> <p>Note: This form is not required for lenders participating in Electronic Loan Closings.</p> <p>Guarantee Fee Collected: \$ _____</p> <p>Guarantee Fee on commitment: \$ _____</p> <p>Fee must be within \$10.00 to process Loan Note Guarantee request. To process a fee that differs by \$10.00 or less, over type the defaulted fee on GLS Add Loan Closing page.</p>
<input type="checkbox"/>	<input type="checkbox"/>	<p>Form RD 1951-49, Register of Collections Online fill-able form available.</p>
<input type="checkbox"/>	<input type="checkbox"/>	<p>Form RD 1951-60, Field Office Remittance Reconciliation Report Online fill-able form available.</p>
<input type="checkbox"/>	<input type="checkbox"/>	<p>Submit collection(s) to the WLB Checks must be made payable to USDA or Rural Development.</p> <p style="text-align: center;"><u>Mail WLB collections to:</u> USDA – Rural Development Wholesale Lockbox P.O. Box 790391 St. Louis, Missouri 63179-0391</p>
GLS Loan Closing Transaction		
<input type="checkbox"/>	<input type="checkbox"/>	<p>The following steps are required to process and close the loan in the data warehouse once the Loan Note Guarantee is issued.</p> <p>Complete the Add Loan Closing page in GLS.</p> <p>1) If the interest rate changes from commitment, the interest rate established in GLS may be changed by over-typing the field. Lender must establish continued eligibility in accordance with §1980.360 of RD Instruction 1980-D. 2) Ensure the interest rate on the Add Loan Closing screen is updated and is accurately represented. The interest rate must mirror that of the note to obtain a correct annual fee schedule. 3) Process changes to the loan amount PRIOR to submitting the Add Loan Closing page. 4) For PAD transactions (lenders who submit fees via pay.gov) – do not alter or attempt to modify the guarantee fee in GLS. 4) For non-PAD transactions (check received) – the guarantee fee can be modified to accommodate the amount of fee actually paid. This amount must be within \$10.00 of the default fee in GLS.</p>
Rural Development Imaging Repository		
This document will become part of the permanent Rural Development file as a retained essential document.		

Document Running Case Record (optional):

Income Documentation Comments

Document Running Case Record (optional):

Communication with Lender

Full Documentation File or Other Comments