

RD AN No. 4655 (1980-D)
June 11, 2012

TO: All State Directors
Rural Development

ATTENTION: Rural 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
Guaranteed Underwriting System

PURPOSE/INTENDED OUTCOME:

The purpose of this Administrative Notice (AN) is to elaborate and clarify guidance on the availability and use of the Single Family Housing Guaranteed Loan Program's (SFHGLP) automated underwriting system known as the Guaranteed Underwriting System (GUS). GUS is available, at no cost, to all approved lenders. At this time, approved lenders cannot allow access to GUS for agents acting on their behalf such as loan correspondents or mortgage brokers.

Although use is not required at this time, lenders are encouraged to fully utilize GUS in their SFHGLP activity.

COMPARISON WITH PREVIOUS AN:

This AN replaces RD AN No.4557 (1980-D), dated March 2, 2011, which expired on March 31, 2012. This AN amends the method in which approved lenders may request access to GUS.

EXPIRATION DATE:
May 31, 2013

FILING INSTRUCTIONS:
Preceding RD Instruction 1980-D

BACKGROUND:

GUS was developed to automate the process of credit risk evaluation for the SFHGLP. Automated underwriting systems are an efficient, consistent, objective and accurate method of mortgage underwriting compared with traditional manual methods. GUS is a tool that helps evaluate the credit risk of the loan request. It compliments, but *does not* replace the judgment of experienced underwriters.

GUS incorporates applicant eligibility and underwriting requirements of RD Instruction 1980-D and associated AN's by utilizing a modified version of the Federal Housing Administration mortgage scorecard known as Technology Open To Approved Lenders concurrently with a rules based engine.

GUS considers mortgage loan application data entered by the originator, credit repository data, and property information to evaluate an applicant's ability to meet a proposed mortgage obligation. GUS evaluates select components in a mortgage loan application and provides a credit evaluation and underwriting recommendation within seconds. GUS is not designed to evaluate the dependability of an applicant's income proposed for repayment. This remains the underwriter's responsibility to determine. Refer to RD Instruction 1980-D, Sections 1980.345(b) and 1980.345(c), to determine adequate and dependable income for repayment ability. Lenders are reminded that data entered into GUS must coincide with that of the lender's permanent case file.

IMPLEMENTATION RESPONSIBILITIES:

Gaining Access to GUS

Lenders who have executed an approved Lender Agreement (Form RD 1980-16) with Rural Development are eligible to access GUS. A detailed guide, "Gaining Access to the Guaranteed Underwriting System," is available for lenders who would like to utilize the Agency's automated underwriting system when underwriting loans for the SFHGLP. The guide may be found at the USDA Lender Interactive Network Connection (LINC) website: <https://usdalinc.sc.egov.usda.gov/USDALincTrainingResourceLib.do>.

Once a lender has assembled the full information disclosed in the Guide and taken mandatory GUS training, the complete package will be forwarded to our office in St. Louis, Missouri. If the lender is eligible to gain access to GUS, an email notification of activation to utilize GUS will be provided within 15 business days of receipt of the complete package.

Authorized users will access GUS at the following website:
<https://usdalinc.sc.egov.usda.gov/>. Select "Guaranteed Underwriting System."

GUS Lender User Guide and On-Demand Training

Lenders may access the GUS Lender User Guide from the navigation toolbar while online in GUS or at the USDA LINC website: <https://usdalinc.sc.egov.usda.gov/>. Select *Rural Housing Service* followed by *Training and Resource Library*.

On-demand training is also available from the website noted. Approved lenders who have an active Lender Agreement with Rural Development who are seeking access to GUS are required to obtain training.

Help Center

A Centralized Help Desk (CHD) is available to assist Agency employees and lenders regarding functionality of GUS and GUS e-authentication questions:

Contact the CHD at: (800) 457-3642. To reach the help desk, choose **Option 2** at the 1st menu (USDA Applications) and **Option 2** on the 2nd menu (RD) to obtain assistance from a Rural Development representative. Or, by email: RD.HD@stl.usda.gov.

Program related questions will continue to be referred to Rural Development SFHGLP State Coordinators or National Office.

Additional Resources

RD Instruction 1980-D and related ANs that supplement standard guidelines are available online at: <http://www.rurdev.usda.gov/regs/>. To navigate the regulation website easily, it is suggested that users utilize the *search* capability of the website and request documents related to RD Instruction 1980-D.

Automatic Notification of GUS Changes

To remain informed of changes to GUS, the origination of the SFHGLP loans, and remain in compliance with executed Lender Agreements, lenders should sign up for an automated notification regarding GUS, Origination and/or Servicing announcements by accessing the following website: <http://www.rdlst.sc.egov.usda.gov/listserv/mainervlet>.

Questions

Any questions concerning this AN should be addressed to:

Debbie Terrell	(918) 534-3254	debra.terrell@wdc.usda.gov
Kristina Zehr	(309) 452-0830, x 111	kristina.zehr@wdc.usda.gov
Josh Rice	(304) 872-1731, x 101	joshua.rice@wdc.usda.gov

Or, contact the National Office division at (202) 720-1452.