

**502/504 POST- CLOSING REVIEW GUIDE**

<b>Borrower Name(s):</b>		<b>Local Office:</b>		
<b>Case Number:</b>		<b>Loan Amt:</b>		
<b>Approval Official:</b>		<b>Grant Amt:</b>		
<b>Loan Processor:</b>		<b>Date of Loan/Grant:</b>		
<b>Reviewer:</b>		<b>Review Date:</b>		
<b>#</b>	<b>Review Items - Pos. 1</b>	<b>YES</b>	<b>NO</b>	<b>N/A</b>
1.	Is Checklist fully utilized and completed with dates?			
<b>#</b>	<b>Review Items – Pos. 2</b>	<b>YES</b>	<b>NO</b>	<b>N/A</b>
2.	<b>For loans subject to RESPA</b> , were the following given to the applicant w/in 3 business days of a completed application and documented in the running record: <ul style="list-style-type: none"> <li>• RESPA Cover Letter (required effective 1/30/02)</li> <li>• HUD’s, “Buying Your Home – Settlement Costs and Helpful Information?”</li> <li>• Form RD 1940-41, “Truth In Lending Disclosure Statement?”</li> </ul>			
3.	Was the Homebuyer Education course referral letter sent to 502 applicants?			
4.	<b>Was the final 1940-41, Truth in Lending Disclosure Statement:</b> <ul style="list-style-type: none"> <li>• Prepared with the correct rates/terms to match the loan terms?</li> <li>• For a Construction loan – were 2 TIL prepared – one for the construction period with one installment due and one for the length of the loan?</li> <li>• Re-done prior to closing if the APR changed by more than 1/8 of one percent between initial disclosure and closing?</li> <li>• At conversion of new construction loan – was a TIL prepared with the actual loan amount, including deferred interest - and signed by applicants?</li> </ul>			
5.	<b>Was escrow set up correctly – including:</b> <ul style="list-style-type: none"> <li>• Tax service fee (\$104 as of 10/1/03) collected/remitted per instructions?</li> <li>• Escrow deposit computed correctly – April/October tax &amp; insurance payments?</li> <li>• Was deposit made per loan disclosure statement and copy of funds transmittal in file?</li> </ul>			
6.	<b>Review of Promissory Note:</b> <ul style="list-style-type: none"> <li>• Are the Rates and terms correct?</li> <li>• Is the original promissory note properly completed/signed by all liable parties and filed in a locked fireproof cabinet with a conformed copy in the file?</li> <li>• Are any changes/corrections to the Promissory Note initialed by the borrower?</li> <li>• For temporary deferred pymt loans was the new principal amt, w/accrued interest completed and initialed by the borrower and is the “Record of Advances” completed on the last page of the Promissory Note?</li> </ul>			
7.	<b>For a non-program loan, was:</b> <ul style="list-style-type: none"> <li>• The loan closed with correct rate/terms rate in effect at loan approval?</li> <li>• The correct down payment collected? (2% owner-occupied; 5% non-applicant occupied)</li> <li>• The correct amortization used? (30-yr owner-occupied/no other NP loans outstanding; 20-yr amort – 10 yr. Balloon non-owner occupied)?</li> </ul>			
8.	<b>Handling of funds:</b> <ul style="list-style-type: none"> <li>• Were 502 loan funds properly disbursed via ACH and is there evidence of this in the file?</li> <li>• Were U.S. Treasury checks negotiated/canceled within 20 working days of check date? (504 Loans/grants and Self Help draws only)</li> <li>• If a Supervised Bank Account (SBA) was used – was Form 402-1 “Deposit Agreement” completed per the FMI and funds deposited properly and timely?</li> <li>• If a SBA was used – is the 402-2 completed per the FMI and reconciled monthly?</li> </ul>			

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#	Review Items – Pos. 2, continued	YES	NO	N/A
9.	Was payment assistance calculated correctly/activated in Fasteller w/in 3 days of closing?			
10.	Form RD 3550-12, “Subsidy Repayment Agreement,” properly completed/copy in the file?			
11.	<b>Form RD 3550-7, “Mortgage Loan Commitment” :</b>			
	• Is the specific purpose for the loan/grant stated (including leveraged lender information?)			
	• Are the conditions that must be met at or before loan closing identified?			
	• Is the form completed per the FMI with dates, addresses, expirations, etc?			
	• Is the form signed by loan approval official and applicant?			
	• Was the loan/grant obligated prior to issuance of the MLC?			
Review Items – Pos. 3		YES	No	N/A
12.	<b>Form RD 410-4, “Application for Rural Housing Assistance:</b>			
	• Was the application reviewed for completeness within 3 days of receipt and info entered in item #16? (application is complete when 410-7 is signed/dated on pg 5 & 7 by applicants and 3550-1 is submitted for each adult household member) and do the dates match what was input in UNIFI?			
	• If the application was not considered complete, was the applicant sent a 30 day letter requesting the items needed?			
	• Is page 7, item #15 completed (eligibility) and item #17 completed (credit report)?			
	• Was a final application printed from UNIFI and signed at closing by applicants and RD?			
13.	Was a preliminary eligibility determination made w/in 30 days of a complete application and documented in the running record? (only need if application was added to waiting list)			
14.	<b>Credit History:</b>			
	• Was an In-file credit report obtained (loans only) when the application was complete? (not required if RMCR is provided by lender with application)			
	• Was HUD’s CAIVRS checked at application and printed for all applicants?			
	• Was the online Nonprocurement list result for each applicant printed prior to eligibility?			
	• Was the Fasteller x-ref check printed at application for each applicant?			
	• Was an RMCR ordered and dated within 6 months of closing?			
	• Was Form RD 1944-61, “Credit History Worksheet,” completed per FMI?			
	• If applicant’s credit history didn’t meet the standards in Exhibit 4-4, were the circumstances documented/an exception approved by the Loan Approval Official?			
	• Was the Nonprocurement List checked/printed again prior to loan closing?			
	• Was applicant’s rental history properly verified ? (2 yrs if adverse credit, 1 year all others)			
	• If applicant did not have traditional credit, were other sources verified (i.e. utilities, etc)?			
15.	<b>Income Verifications:</b>			
	• Were annual/ repayment income sources properly verified? (Per attchmts 4C & 4D)			
	• Was the VOE(s) valid at the time of eligibility, approval and closing? (90 days unless continuously worked for present employer 2 years – then 120 days. Verbal update can extend for an additional 60 days – up to 150 or 180 as applicable)			
16.	Was UNIFI used to determine eligibility and Loan Approval official signed eligibility summary? (see eligibility determination worksheet in file – insure matches approved loan terms)			
17.	“Certificate of Eligibility” issued in accordance with HB-1-3550, paragraphs 7.14 – 7.17?			
18.	Was Form RD 3550-23, “Applicant Orientation Guide” initialed by applicants & signed by applicant(s) and loan official prior to closing?			

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<b>Review Items – Pos. 3</b>		<b>YES</b>	<b>No</b>	<b>N/A</b>
19.	<b>Does the eligibility narrative address the following items?</b> <ul style="list-style-type: none"> <li>• Shows legal capacity to incur the debt and is of legal age</li> <li>• Does not own adequate housing</li> <li>• Cannot obtain other credit (including GRH and leveraging if Low Income)</li> <li>• Evidence of a satisfactory Credit History</li> <li>• Loan Amount is within area loan limit guidelines</li> <li>• Property is in a rural area and meets program eligibility</li> <li>• Justification of Compensating Factors (and a State Director exception memo in the file?)</li> <li>• Adequate/dependable income with calculations shown for Annual &amp; Repayment Income</li> <li>• Income is within program limits</li> <li>• Eligible (or not) for Payment Assistance</li> <li>• No known relationship with RD employee and/or Closing Agent</li> <li>• Asset limit has been met or will be met prior to closing (explain)</li> <li>• Is U.S. Citizen or Qualified Alien</li> <li>• PITI and TD ratios within the acceptable parameters – Program: Very Low 29/41 Low 33/41 Non-Program, owner occ.: 33/41 Non-Program, non-owner occ: 29/41</li> </ul>			
<b>Review Items – Pos. 4</b>		<b>YES</b>	<b>NO</b>	<b>N/A</b>
20.	Was HBLtr #19 used to discuss results of pre-qualification review?			
21.	If funding was not available, was Handbook Letter #2 sent, after a preliminary eligibility was documented, within 30 days of receipt of the application.			
22.	If funding was available, or a property had been identified with the application, was Handbook Letter #11 sent within 30 days of receipt of the application to notify the applicant what information was necessary to complete processing? (note: if packager submitted all information, HB #11 need not be sent – but eligibility should be determined within 30 days)			
23.	If applicant was on the waiting list, was Handbook letter #3 sent every 6 months?			
24.	Was a self-help applicant eligibility letter issued?			
<b>Review Items – Pos. 5</b>		<b>YES</b>	<b>NO</b>	<b>N/A</b>
25.	Is a valid option to purchase in the file?			
26.	<b>Preliminary Title Policy/Binder:</b> <ul style="list-style-type: none"> <li>• Is a legal description attached?</li> <li>• Is the prelim for ALTA mortgagee extended coverage in the correct amount?</li> <li>• Did the loan approval official identify items to be removed at closing?</li> <li>• Were the items fully satisfied and/or did the closing agent prepare curative documents?</li> </ul>			
27.	<b>Closing instructions:</b> <ul style="list-style-type: none"> <li>• Was Form 1927-15 issued to the Title Co.?</li> <li>• Was form 1927-15 signed by closing agent and RD after closing?</li> </ul>			
28.	Was Notification of Loan Closing (Form 1927-16) issued to the applicant, advising of closing conditions and amount of homeowners/flood insurance required?			
29.	If Self Help grantee sold property, was sales price less than or = to appraised value of lot?			
30.	Form RD 1940-43, "Notice of Right to Cancel," in file when required by RD Instruction 1940-I?			
31.	If applicant owned property, or purchase price was below market value, was the area loan limit reduced appropriately?			
32.	Form 1927-05 "Affidavit Regarding Improvements" signed by seller/owner of property?			
33.	<b>Mortgage/deed of trust:</b> <ul style="list-style-type: none"> <li>• Does the date of security instrument match the date of the promissory note?</li> <li>• Is the maturity date correct?</li> </ul>			

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	<ul style="list-style-type: none"> <li>Is the form properly completed and recorded, and the original in the file?</li> <li>For leveraged loans, was an Agreement with Prior Lien holder executed, attached as a rider to the Deed, and recorded?</li> </ul>			
34.	For New Manufactured Homes, was a title Elimination processed?			
35.	Does the Final Title show the proper lien position/adequate coverage as required?			

	<b>Review Items – Pos. 6</b>	<b>YES</b>	<b>NO</b>	<b>N/A</b>
36.	If the site value exceeds 30% of total market value of the property, was a site exception requested and received from the Program Director prior to obligation/approval?			
37.	If the loan amount (from all funding sources combined) will exceed the area loan limit – was a State Director exception obtained?			
38.	For an existing dwelling (including transfers and credit sales), does the file contain documentation that the following inspections were properly performed: * Thermal Performance Y N                      * Termite/Pest Y N * Plumbing, Water & Sewage Y N              * Structural Soundness Y N * Electrical Systems – including Heating and Cooling Y N			
39.	<b>For construction/repair contracts:</b> <ul style="list-style-type: none"> <li>If over \$10,000 – was Exhibit C of RD Instruction 1901-E sent to the Dept. of Labor ?</li> <li>If over \$10,000 did applicant sign RD 400-1, “Equal Opportunity Agreement” ?</li> <li>If over \$10,000 did RD sign RD 400-3, “Notice to Contractors and Applicants” ?</li> <li>If over \$10,000 did contractor sign RD 400-6, “Compliance Statement” ?</li> <li>Was Form 1924-6 “Construction Contract” completed per the FMI – or, if RD form was not used – does contractor’s contract address minimum contract items and was the contract signed at closing or within 5 days of closing?</li> <li>Do repair specs include size/grade/style/etc. details of materials?</li> </ul>			
40.	<b>Construction Items:</b> <ul style="list-style-type: none"> <li>Was Form RD 1924-1, “Development Plan,” completed per FMI and estimates attached if the development was not performed using contract method (including Self Help)?</li> <li>Building plans/specs certified by a plan certifier and signed on each page by the applicant, RHS (and when possible, the contractor)?</li> <li>Do construction cost estimates/bids include a cost breakdown?</li> <li>Do contractor bids adequately describe the work/materials to be furnished?</li> <li>Does the file contain evidence of subcontractors (master list)?</li> </ul>			
41.	<b>For all construction/repair:</b> <ul style="list-style-type: none"> <li>Was the Pre-construction conference documented prior to start of rehab/construction?</li> <li>Are contract change orders properly processed?</li> </ul>			
42.	<b>Inspections:</b> <ul style="list-style-type: none"> <li>Was Attachment 5-B completed for all properties?</li> <li>Was Attachment 5-A completed for existing dwellings?</li> <li>Was 1924-12 “Inspection Report” completed per FMI and signed appropriately?</li> <li>For new construction were inspections completed at footing, framing and final?</li> <li>Was a copy of the building permit(s) obtained?</li> <li>For all final inspections – did the applicant and RD sign?</li> <li>Was a copy of the Certificate of Occupancy obtained?</li> </ul>			
43.	Was RD Guide Letter 1924-1, “Construction Defects,” forwarded to the borrower w/in 30 days of loan closing or final inspection?			
44.	Were the Proper warranty form(s) (1924-19 for repair / either 1924-19 or 10 year warranty for new construction) completed with all major warranties (i.e. appliances, carpet, flooring, roof, etc.) attached and a copy provided to the applicant? (Note: for Self Help, the grantee should provide a certification that lists what was given to the applicant)			
45.	Was Form RD 1924-10, “Release of Claimants,” obtained (for each subcontractor)?			

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46.	Is the amount of the Conditional Commitment less than or equal to the selling price of the home and within the applicable area loan limit?			
47.	Were contractor draws released with the appropriate holdbacks and based on percentage of work complete?			
48.	Form 1924-9 Signed by contractor as receipt of payment?			
49.	If loan funds exceeded the amount needed for construction/repair – were they used for authorized purposes or returned as a principal payment timely (w/in 90 days from the Final )?			

<b>Questions – Pos. 7</b>		<b>YES</b>	<b>NO</b>	<b>N/A</b>
50.	<b>Insurance:</b> <ul style="list-style-type: none"> <li>Does the insurance policy/binder reflect proper (hazard/builders risk/flood) coverage?</li> <li>Was the insurance binder and receipt for 1 year’s premium provided to the closing agent at or before closing?</li> </ul>			
<b>Questions – Pos. 8</b>		<b>YES</b>	<b>NO</b>	<b>N/A</b>
51.	<b>Appraisal:</b> <ul style="list-style-type: none"> <li>Does the docket contain Form RD 1922-8, “Uniform Residential Appraisal Report”?</li> <li>If new construction – is Form 1007, “Square Foot Appraisal Form” also included?</li> <li>Is the appraisal documented that Form RD 1922-15, “Appraisal Review” was completed and filed in operational?</li> </ul>			
52.	Was the total indebtedness for loan(s) on real estate less than or equal to the market value on the appraisal except for allowable expenses? Was a State Director exception obtained if needed?			
53.	Was the total cost of the property (include all funds) under the area loan limit? Was a State Director exception obtained if applicable?			
54.	For Self Help loan, was the appraised value less than area loan limit for the area?			
<b>SECTION 504 LOANS/GRANTS – addtl. items not previously addressed</b>		<b>YES</b>	<b>NO</b>	<b>N/A</b>
55.	Were funds utilized for eligible purposes? <b>Pos. 6</b>			
56.	Does the file contain evidence of ownership? <b>Pos. 5</b>			
57.	Did the Loan Originator visit the property within 30 days of a complete application? <b>Pos. 6</b>			
58.	Is the file documented that the dwelling meets or will meet program health/safety hazard requirements once the repairs are completed? <b>Pos. 6</b>			
59.	Does the file contain pictures of the repair work to be done? <b>Pos. 6</b>			
60.	Did the Loan Originator determine repairs prior to the eligibility determination? <b>Pos. 6</b>			
61.	Did the Loan Originator establish the value of the property or obtain an appraisal? <b>Pos. 8 for appraisal – or pos. 3 – narrative</b>			
62.	Does the 1944-3 budget reflect applicant’s repayment ability for a loan or lack of repayment for a loan thus qualifying for a grant (provided the age requirement is met)? Does the information on the 1944-3 match the financial income/debts in UNIFI and are the final terms of the loan/grant consistent with the 504 worksheet in UNIFI? <b>Pos. 3</b>			
63.	<b>For loans only:</b> <ul style="list-style-type: none"> <li>Was an in-file credit report obtained? <b>Pos. 3</b></li> <li>For loans over \$7500, was an RMCR obtained (at no cost to the applicant)? <b>Pos. 3</b></li> <li>Was the loan term consistent with the applicant’s repayment ability? <b>Pos 3 – budget</b></li> <li>For loans \$7500 or more was a Deed of Trust obtained for security?</li> <li>Does the file contain evidence that the outstanding 504 loan balance is less than \$20,000? <b>Pos. 2 or 3</b></li> <li>For loans, are security requirements in accordance with HB-1-3550, 12.8? <b>Pos. 5</b></li> <li>For loans, was the proper closing official used? <b>Pos. 5</b></li> </ul>			
64.	<b>For grants:</b> <ul style="list-style-type: none"> <li>Is there documentation that the lifetime assistance for this grantee is within the \$7,500</li> </ul>			

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limit? <b>Pos. 3 – narrative</b> • Was the 504 grant recipient 62 years of age or older? <b>Pos. 3</b> • Was Handbook Letter 12 used to notify the recipient that the grant was approved? <b>Pos. 4</b> • Was form Form RD 3550-24, "Grant Agreement" completed correctly and signed by each grant recipient? <b>Pos. 2</b> • For 504 grants, were funds disbursed after grant closing (date of grant agreement)? • Was the grant documented in Operational Folder for lifetime assistance?			

<b>SECTION 504 LOANS/GRANTS – addtl. items not previously addressed, continued...</b>		<b>YES</b>	<b>NO</b>	<b>N/A</b>
65.	If loan/grant combo, was the loan amortized for 20 yrs to reduce grant amount? <b>Pos. 3</b>			
66.	Were escrow, taxes, and insurance handled in accordance with HB-1-3550, 12.10? <b>Pos. 5</b>			
<b>TRANSFERS WITH ASSUMPTIONS – additional requirements</b>		<b>YES</b>	<b>NO</b>	<b>N/A</b>
67.	Was the former borrower’s security/construction info. pulled forward in pos. 2, 5, & 6 and was the information separated by an identifying document showing transferor information?			
68.	Was a release of liability processed for the former borrower? Pos. 2			
<b>Leveraged Loans – additional requirements</b>		<b>YES</b>	<b>NO</b>	<b>N/A</b>
69.	Was an Agreement with Prior lienholder executed and recorded? Pos. 5			
70.	Are copies of the lender’s Note and Deed of Trust in the file? (Pos. 5)			
71.	Was a subordination agreement completed for RD to subordinate to 2 <sup>nd</sup> lien position?			
<b>Additional requirements</b>		<b>YES</b>	<b>NO</b>	<b>N/A</b>
72.	Did a loan officer other than the loan approval official conduct a post-closing certification review and sign Form 1927-15?			

List any corrective actions needed:

\_\_\_\_\_  
Signature of Reviewer

\_\_\_\_\_  
Date Review Completed

Target Date for completion of corrective Actions: \_\_\_\_\_

Date corrective actions completed: \_\_\_\_\_

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Date

Reviewer's initials