

The Guaranteed Eagle



Recovery Act **SPRINGS** Funding For Guaranteed Loans! \$10 billion now available for purchase transactions.

Under the American Recovery and Reinvestment Act of 2009 (Recovery Act) approximately \$10 billion in purchase funds are now available for the Single Family Housing Guaranteed Loan Program. There are no funds available for refinance loans at this time; however, Rural Development expects to have them available in the near future.

Rural Development will issue Conditional Commitments and Loan Note Guarantees for purchase loans obligated under the Recovery Act. Reservation of Funds requests for new applications are **not** accepted at this time. Approved lenders should only submit complete underwritten and approved loan packages ready for immediate review by Rural Development.



Lenders who have closed loans for an amount greater than approved by Rural Development on the issued Conditional Commitment will require additional funding in order for the Agency to complete the loan closing transaction and issue a Loan Note Guarantee. A revised Form RD 1980-21 must be submitted **prior** to loan closing when loan amounts are increased. Many of these loans may remain in a pending status until annually appropriated funding is received. Only loans currently not obligated may use Recovery Act funding. Construction and repair contracts in excess of \$2,000 obligated with Recovery Act funding are subject to the Davis Bacon Wage Act.

Update: New Income Limits April Forecast: It is raining new opportunities!



On April 20, 2009 USDA Rural Development will implement consolidated income limit bands for the Single Family Housing Guaranteed Loan Program. The consolidated income limit bands will assist Rural Development to expand upon our mission to increase affordable homeownership opportunities within eligible rural communities.

The consolidated income limit bands will offer two adjusted income brackets; 1-4 and 5-8. Households with more than eight members will have an additional amount added to the 5-8 bracket to determine eligibility. Current eligible deductions for dependants, childcare costs, medical expenses, and disability expenses will remain in effect per RD Instruction 1980-D, section 1980.348.

When the revised RD Instruction 1980-D Exhibit C is published the income section of the nationwide eligibility website and the Guaranteed Underwriting System (GUS) will also be updated. The nationwide eligibility website is located at: <http://eligibility.sc.gov.usda.gov>.

More fun than a gaggle of peeps! GUS rolls out Fannie Mae File Import!

On February 25, 2009, USDA Rural Development implemented a new import functionality where lenders may import loan data directly into GUS from their loan origination system (LOS) if their electronic data files have a format of **Fannie Mae Desktop Underwriter (DU) or Desktop Originator (DO) loan data file (1003) Version 3.2 format. MISMO AUS 3.2.1 file formats are also eligible for import into GUS.**



The GUS user guide includes steps for importing a loan file to GUS. View the "GUS Lender User Guide" on the USDA LINC Training and Resource Library page. <https://usdalinc.sc.gov.usda.gov/USDALincTrainingResourceLib.do>.



New Lenders **Bloom** with USDA Training! USDA mandates training for new approved lenders and new GUS users.



Effective April 1, 2009 new or modified lender agreements (Form RD 1980-16) will not be approved until an acceptable USDA Rural Housing Guaranteed Loan Training Program has been completed. The new training requirements apply to state and nationally approved lenders. **Guaranteed loan training is mandatory for loan originators and underwriters that will participate in the SFHGLP.** Once the certification is received the state and / or national office may approve the lender agreement. The approved lender may then begin to submit loan applications to the SFHGLP. Acceptable training programs include:

- Guaranteed training programs presented by Agency staff.
- Training via WebEx. GTO: Guaranteed Training Opportunities, offers a course titled, “*Get Guaranteed*” available online via WebEx. Lenders may log onto WebEx and register for a class that fits their schedule at: <https://rurdev.webex.com>
- ALL-REGS offers a fee based self-study course titled, “*Exploring Guaranteed Rural Housing (GRH): A Rural Development Program*” Course No.WS-09-UW-001. A certificate is provided upon completion of the course. A copy of the certificate must be forwarded to the national office. Lenders may visit www.allregs.com for more information.

Effective April 1, 2009 new GUS User Agreements will not be activated until an acceptable USDA Rural Development GUS Training Program has been completed. **All Security Administrators and users with “Final Submit” authority must complete training.** Acceptable training programs include:

- GUS training programs presented by Agency staff.
- Training via WebEx. GTO: Guaranteed Training Opportunities, offers a course titled, “*Get To Know GUS*” available online via WebEx. Lenders may log onto WebEx and register for a class that fits their schedule at <https://rurdev.webex.com>

Attendance sheets that include training certification will be posted in the course materials for all WebEx presentations.

Best Practices and Tips for Approved Lenders Efficiency and consistency in the delivery of Loan Note Guarantees



On March 30, 2009, Rural Development released the ListServ announcement “Best Practices and Tips for Lenders—Issuance of Loan Note Guarantee.” These tips are offered to assure a timely response to lenders request for a Loan Note Guarantee (LNG).

1. **Do not close the loan for an amount above the committed loan amount** on the issued Conditional Commitment for Loan Note Guarantee (Form RD 1980-18) **without prior approval by the Agency.** Funding for the loan request is set aside for the exact amount of the issued Conditional Commitment. Increased loan amounts could result in a delay/denial in delivering the LNG. Submit a revised Form RD 1980-21 **prior** to closing if the loan amount will increase.
2. **Only submit necessary documentation requested on the Conditional Commitment.** Additional (unnecessary) documents will slow the loan closing review process.
3. **Clear conditions prior to closing or on the date of loan closing.** Example: establishment of an escrow account for exterior repairs in accordance with RD Instruction 1980-D, section 1980.315.
4. **Provide an envelope with accurate delivery address and point of contact for the LNG.** This practice avoids requesting reissuance of the LNG for non-delivery.
5. **Submit accurate guarantee fees with the loan closing package.**
6. **Allow a reasonable timeframe for delivery of the LNG, based upon delivery from the lender’s organization, allowing time for review and preparation by RD.** The LNG should be completed and delivered typically within 10 business days.
7. **Sign up for ListServ!** ListServ will provide timely updates on Origination, Servicing, and/or GUS topics. Sign up at: <http://www.rdlis.sc.gov.usda.gov/listserv/mainservlet>.

IN HONOR OF SPRING BREAK: NO QUIZ



Guaranteed Loans Help Rural Communities GROW!
For more information contact:



Committed to the future of rural communities.

Illinois Guaranteed News

APRIL / MAY 2009

Funding “SPRINGS” into Action at the USDA



The American Reinvestment and Recovery Act (ARRA) has made \$260,585,666 available in Illinois for the Guaranteed Rural Housing Program. On March 20 Rural Development began obligating funds and issuing Loan Note Guarantees on outstanding commitments issued to lenders.

Funds received thus far from the ARRA have been available only for purchase transactions. Rural Development HAS funds available for existing homes with less than \$2,000 in repairs and for Spec Homes. Very soon we will have funding for repairs in excess of \$2,000 and new construction.

Additional funding from our annual allocation is expected in the next few weeks. Funds will be available for purchase repair loans, new construction and refinance transactions. Rural Development continues to issue Conditional Commitments “Subject to Funding” on loans that cannot utilize ARRA funds. With the additional funding, ALL loans submitted to Rural Development can be obligated and loan note guarantees can be issued.

Fiscal Year 2009 continues to be another record breaking year for the Guaranteed Rural Housing (GRH) program in Illinois. This year, the Guaranteed Rural Housing program will have more than double the funding received in previous years. Many additional homeowners will have the opportunity to achieve the dream of home ownership through Guaranteed Rural Housing!

Lender Charges and Fees

www.rurdev.usda.gov/regs/an/an4407.pdf



Administrative Notice 4407 gives guidance to lenders regarding and fees and closing costs. This guidance states, “Fees charged by a lender to borrowers for loans guaranteed under the SFHGLP should not exceed fees charged by the same lender for loans insured or guaranteed by FHA or VA.” Several wholesale lender pricing sheets are reflecting significant pricing adjustments for credit scores and loan size.

FHA limits its lenders to a one point origination fee and VA is more restrictive; therefore, RD is not allowing these additional fees to be passed along to customers. A **one point origination fee** is considered reasonable and customary. The additional risk premiums set by wholesale lenders CANNOT be passed along to customers, paid through seller concessions, or be paid out of borrowers reserves. Discount points cannot be charged to customers to make up for these loss premiums because discount points can only be used to buy-down interest rates. Not all customers would be charged the additional fees; therefore, they are not considered reasonable and customary.

RD continues to Offer:

- 100% Financing Available
- No Monthly Mortgage Insurance
- NO minimum Credit Score
- NO maximum Purchase Price
- Expanded Adjusted Income Limits

USDA is an equal opportunity provider, employer, and lender. To file a complaint of discrimination write USDA, Director, Office of Civil Rights, 1400 Independence Avenue S.W., Washington, D.C., 20250-9410 or call (800)795-3272 (voice) or (202)720-6382 (TDD).



April Showers Sprout Increased Income Limits for the Guaranteed Rural Housing Program



Effective April 20, 2009, the long awaited Two-Tiered Guaranteed Income Limits are available. The income limits have been consolidated into two brackets: 1-4 person households and 5-8 person households. Packages submitted for a Conditional Commitment from this date forward will follow the new income guidelines. As always, deductions continue to be applicable to assist households in qualifying.



Johnny and Jannie Jackson just got married and are looking to purchase their first home with their one year old son Jefferson. Both have finished college and have obtained stable and dependable employment. They are interested in purchasing a home in rural McLean County. The new adjusted income limit for a 1 to 4 person household in McLean County is \$86,850.

- Johnny has a full time position with State Farm and a salary of \$58,000. His paystub indicates pre-tax expense for dental and health insurance premiums in the amount of \$102 per month.
- Jannie has also secured full time employment with State Farm. She has no medical expenses coming out of her check and her salary is \$36,000.
- Daycare for little Jefferson is expensive and the Jackson family is paying \$150 per week in daycare expenses.

Can the Jefferson's get a Guaranteed Loan?

\$58,000	Johnny's income less Pre-Tax
- \$ 1,224	Medical Exp (\$102 x 12)
<u>+\$36,000</u>	Jannie's income
\$92,776	Total Annual Income
- \$ 7,800	Verified and Documented
	Daycare Expenses (\$150 x 52)
- \$ 480	Dependent Deduction
<u>\$ 84,500</u>	Adj. Income (rounded to \$10)

The Jacksons qualify to purchase their NEW Home through the Guaranteed Program! Johnny, Jannie and Jefferson may qualify for one of the 1st time homebuyer programs listed below as well!



Become a First Time Homebuyer Specialist! First-time homebuyers may qualify for some attractive incentives to purchase homes that can be used in conjunction with 100% Guaranteed financing. The American Recovery and Reinvestment act introduced a new \$8,000 tax credit that DOES NOT have to be re-paid. This tax credit is available to applicants who will have purchased their primary residence between January 1, 2009 and December 1, 2009. This incentive is claimed when applicants file their income taxes using IRS Form 5405.

Additionally, the Illinois Housing Development Authority (IHDA) has \$99 million in Mortgage Credit Certificates (MCC's) through three programs. MCC's allow homeowners to deduct the first 20% of their mortgage interest as a direct federal tax credit. The remaining 80% will continue to qualify as an itemized tax deduction. Check out IHDA's website at www.ihda.org for details.

The Tax Credit offered through the American Reinvestment and Recovery Act AND the Mortgage Credit Certificate can be used in conjunction with one another -- a DOUBLE BONUS for first time homebuyers today. It's never been a better time to purchase a home. With low interest rates and incentives from these two programs, home buying can be far more attractive for qualified applicants.

Happy Spring! Contact your Area Rural Development office for questions and we would be happy to help!

