

The

GUARANTEED EAGLE



Committed to the future of rural communities.

February /
March 2009



[GUS Functionality and e-Authentication Questions](#)

1-800-457-3642
Select Option 2, Option 2 to reach a Rural Development Representative

Email:
RD.HD@st.usda.gov

Valentine Greetings

GUS delivers Import capability and more!

USDA Rural Development's Guaranteed Underwriting System (GUS), deployed the new Import enhancement on December 30, 2008. Lenders may now import loan files directly from their loan origination systems (LOS) into GUS. Currently GUS can import LOS files in MISMO AUS 3.2.1. format. During the 1st quarter of 2009 further enhancements will be implemented allowing Fannie Mae DU 3.2. formatted files to be imported into GUS.

STAY TUNED!

Periodically, updates may occur to GUS based on portfolio performance, to accommodate risks in the lending environment, and to mitigate losses.

On December 30, 2008, the following enhancements were deployed in GUS:

- New rule for clarification of retirement assets
- New rule regarding use of buydowns
- New functionality in the calculation of buydowns
- in accordance with recently issued Administrative Notice
- New rule concerning the use of Net Rental Income for eligible properties retained by the applicant
- Other modifications concerning underwriting thresholds

Lenders will notice many of these new enhancements upon reviewing the "GUS Underwriting Findings Report" under "Lender Required Conditions."



GUS is irresistible!



NEW GUS Lender Guide Available NOW!

<https://usdalinc.sc.egov.usda.gov/>

Log onto USDA LINC to discover many valuable GUS training tools! From the USDA LINC homepage:

1. "RHS Home"
2. "Training and Resource Library"
3. Scroll to "Guaranteed Underwriting"

Two GUS training courses are available on-demand.

Guaranteed Underwriting System (GUS)	
Training	Documentation and Resources
GUS Lender Overview Training (Flash)	GUS User Agreement (PDF)
GUS Lender Advanced Training (Flash)	GUS User Guide (PDF)
	LOS/POS Tested Listing (PDF)

The **NEW** GUS User Guide includes guidance on importing loans, entering purchase and refinances, and proper analysis of the "GUS Underwriting Findings Report."



CELEBRATE!

NEW Administrative Notices have arrived!

Administrative Notices are published by the Single Family Housing Guaranteed Loan Division to provide clarification and guidance for origination, underwriting, and servicing topics.

Administrative Notices (AN) are available online at: www.rurdev.usda.gov/regs under the "Administrative Notices" link.

- AN 4404: Temporary Interest Rate Buydowns
- AN 4407: Lender Charges and Fees
- AN 4411: Adequate and Dependable Income—Rents and Leases
- AN 4413: Use of Retirement Assets in the Risk Analysis
- AN 4414: Single Family Housing Requirements Related to New Construction and Homes in Planned Unit Developments



Federal Register Announcement: Income Limit Update

On January 14, 2009, USDA Rural Development changed the effective date of a direct final rule, originally published on November 4, 2008 to amend its existing income limit structure for the Single Family Housing Guaranteed Loan Program. The reason for the change is to afford the new Administration the opportunity to review the effects of the new rule.

The effective date of January 20, 2009 has been changed until March 20, 2009.

Rural Development will publish updated income limits when they are final and effective.



Are you smarter than a leprechaun? version 2009

1. Mark has retirement assets in his 401k with a vested account balance of \$25,000. Can the lender list the full \$25,000 as an asset on the loan application?
2. Julie is trying to find the NEW GUS User Guide. Where can she locate it?
3. Sherry is encountering an error when logging into GUS. Can she contact the Centralized Help Desk at 1-800-457-3642?
4. Mary is underwriting a Guaranteed loan package with a 2-1-0 temporary buydown. The full note rate is 5.5%. Can she underwrite the loan application at the first year rate of 3.5%?
5. Donna is excited to use the new import functionality of GUS. Her LOS files are in MISMO 3.2.1 format. Can Donna utilize the new import functionality?

1. No. Administrative Notice 4413 states that only 60% (\$15,000) of the vested account balance may be considered as an asset. Funds established as a benefit to an employment relationship that can not be accessed without separating employment, death, or retirement are not an eligible asset. Mark must be able to access these funds at anytime. Please refer to AN 4413 available at www.rurdev.usda.gov/regs for more information.
2. Julie can log onto USDA LINC: <https://usdallinc.sc.usda.gov/> Select "RHS Home," "Training and Resource Library," then scroll down to "Guaranteed Underwriting System" to locate the user guide. Julie can also find the user guide on the GUS Navigation Toolbar located on every GUS application page.
3. Yes. Sherry may contact the Centralized Help Desk at 1-800-457-3642 and select Option 2 at each menu item to correctly reach a RD Technician who can assist her with questions regarding GUS functionality issues or e-Authentication. Questions related to program regulations should not be directed to the Help Desk.
4. No. AN 4404 states that all temporary buydowns must be underwritten at the full note rate. Mary must also document the loan file with evidence that the applicant(s) will be able to meet the increased housing expenses.
5. Yes. GUS can currently import MISMO 3.2.1 formatted files. Import capabilities for Fannie Mae DU 3.2 loan formats is coming soon in the first quarter of 2009.



Guaranteed Rural Housing Loans: * Responsible * Stable * Affordable
Contact Rural Development Today!

Illinois Guaranteed News

February - March 2009



Cupid's got his eye on funding for the Guaranteed program



The continuing resolution that was approved by Congress last fall made \$2.4 billion available for the Guaranteed program in FY 09, but the tremendous growth in the program over the past year resulted in a funding shortfall in early January.

Through this funding lapse, Rural Development is continuing to issue conditional commitments to lenders that include the "Subject to Funding" clause. Many lenders are continuing to operate as usual, receiving conditional commitments and

closing Guaranteed loans. Several wholesale lenders are continuing to purchase Guaranteed loans as well.

At this time, we are waiting for additional funding to be appropriated for the Guaranteed program. At the headquarters level, our Agency is working diligently to secure additional funding through at least four options: 1) seeking an OMB exception based on the continuing resolution statute currently in effect, 2) anticipating economic stimulus funding to supplement the Guaranteed program, 3) anticipating a full year 2009 budget providing the Guaranteed program with uninterrupted funding through September 30, and 4) another temporary spending measure appropriating additional funding for the Guaranteed program.

The change in our economy and sub-prime lending over the past year has dramatically altered the financing options for customers interested in purchasing a home. The Guaranteed program has soared to new heights as customers can continue to finance up to 100% of the appraised value with NO monthly mortgage insurance! A one time 2% guarantee fee can be rolled into the loan above the appraised value, essentially allowing up to 102% LTV. The Guarantee program continues to be the best option for customers who qualify! The GRH program has made great strides by streamlining the process including our Guaranteed Underwriting System (GUS), proposing a two-tiered income limit structure, and accepting files via mail, e-mail or fax. Go Guaranteed First!

Are you closing GRH Loans "subject to funding"?

If you are continuing to close GRH loans...check this out! Rural Development is unable to issue the Loan Note Guarantee on files that were issued "Subject to Funding." If you are closing GRH loans "Subject to Funding," RD would be happy to review your closing packages at this time, but please hold for the Guarantee Fee and the lender certification (page 2 of the Conditional Commitment issued by RD) until we receive funding and are able to clear the "subject to funding" condition. Once funding is available for the program, we will notify lenders to send in checks for the Guarantee fee and lender certification forms, upon which we will issue the Loan Note Guarantees. Lenders who have already submitted the lender certification form will have to recertify that all the loan conditions have been met as of that date. If you have any questions on closing GRH loans that are "Subject to Funding," please contact your local Rural Development office.





Lucky as a Leprechaun



Low Interest Rates = Refinance Options Today!

With interest rates hitting record lows, many Guaranteed borrowers are considering taking advantage of the opportunity to refinance their **existing** Guaranteed Rural Housing loan. Rural Development's Administrative Notice 4335 provides guidance on refinancing an existing section 502 Direct Rural Housing loan into a Guaranteed Rural Housing loan, and Administrative Notice 4336 provides guidance on refinancing an existing Guaranteed Rural housing loans. These notices can be found at: www.rurdev.usda.gov/regs/an_list.html.

REFINANCING HIGHLIGHTS

- The interest rate of the new loan must be the same or lower than the rate of the current loan.
- The new 30 year fixed rate and term must demonstrate a benefit to the homeowner with a lower mortgage payment.
- The Guarantee Fee is only 0.5%!
- **NO appraisal is required IF** the applicant is only refinancing the Principal Balance and the 0.5% fee. The lender may choose to obtain a new appraisal for their purposes, but it is **not** required by our Agency.
- If the refinance includes any lender fees, closing costs or accrued interest, a new appraisal **is** required. The loan can include costs up to 100% of the appraised value, plus the 0.5% fee.
- Appraisals do NOT have to certify the home meets HUD Handbook standards.
- Cash to the homeowner and repairs cannot be included in a GRH refinance loan.

REQUEST FOR GUARANTEE FORM

Below is a snapshot of RD form 1980-21, Request for Guarantee. It is important to Rural Development that lenders are locking interest rates for customers within acceptable limitations. Item 10 on the Request for Guarantee should be completed in its entirety. Below you will find call outs for each of the boxes indicating what items need to be completed.

Was the interest rate calculated based on the Fannie Mae or VA Rate? Check the corresponding box here.

If the interest rate was based on your advertised VA rate, indicate the date this rate was advertised

6. The current annual income for the household is: \$ _____
7. The current adjusted income for the household is: \$ _____
8. TOTAL DEBT ratio _____ PITI ratio _____
9. We propose to loan \$ _____ for 30 years at _____ % per annum with payments of \$ _____ per month.
10. The interest rate is based on the Fannie Mae VA rate on ____ / ____ / ____.

_____ The interest rate is locked in until ____ / ____ / ____.
_____ The interest rate will float until loan closing.

(If this option is checked and the interest rate increases at loan closing, the loan must be re-underwritten and this certification must be updated).

If the interest rate is locked, when does the lock expire? This will be blank for a floating rate.

Is the interest rate locked or floating to close. Check the corresponding line.

11. The applicant is unable to secure the necessary conventional credit without a Rural Development guarantee upon conditions which the applicant could reasonably be expected to fulfill.
12. The applicant understands that Rural Development approval of the guarantee is required and is subject to the availability of funds.
13. Housing and Urban Development's Credit Alert Interactive Voice Response System (CAIVRS) was checked for outstanding delinquent Federal debts and confirmation No. _____ was obtained.

Make Guaranteed Loans Your Heart's Desire!
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