

The Guaranteed Eagle

June/ July 2009



Guaranteed Loan Production **HEATS** up! ARRA funding propels the Guaranteed loan program to new heights!



The Guaranteed Loan Program was infused with approximately \$10 billion dollars of additional funding through the American Reinvestment and Recovery Act of 2009 (ARRA). Congress, in enacting ARRA, emphasized the need for accountability and transparency in the delivery of these funds. To ensure the Single Family Housing Guaranteed Loan Program is utilizing ARRA funds in a manner consistent with objectives of ARRA, new internal controls, oversight, and other approaches to meet the accountability objectives of ARRA will soon be initiated. The following changes will assist the Agency to ensure the compliance, safety, and soundness of the portfolio of loans that will be funded through ARRA.

1. **Guaranteed Underwriting System (GUS)**

- Pre-conditional commitment sampling of GUS ACCEPT final submissions. A full documentation loan file from the lender will be required for review by the Agency if the loan is randomly selected.
- New GUS loan messages will be implemented on the "GUS Underwriting Findings Report" to inform lenders and the Agency of any additional documentation or submission steps necessary to process the loan.

2. **Manually Underwritten Loans**

- A second level review will be performed by the Agency for loans that meet defined characteristics prior to issuance of a Conditional Commitment for Loan Note Guarantee.

3. **Refinancing: Notice of Funds Availability (NOFA)**

- A NOFA will be published in the Federal Register to announce funds that will be made available for refinancing requests. The NOFA will also include new requirements for utilization of refinancing funds.

4. **Pay.gov**

- Lenders will have the capability to submit guarantee fees through pay.gov. Implementation will occur by pilot.

The items above are a brief description of imminent changes. Detailed guidance will be provided prior to implementation.

NEED ANSWERS TO GUS ISSUES?

Who you gonna call?

THE CENTRALIZED HELP DESK (CHD)! 1-800-457-3642 Option 2, Option 2 or email: RD.HD@stl.usda.gov

If you have issues with GUS functionality, error messages, and/or e-Authentication problems, call the Centralized Help Desk. If you receive the answering service leave a message. Only one message per inquiry please. In order to provide more timely assistance please include specific information for the CHD to utilize in researching your issue.

HELPFUL TIPS

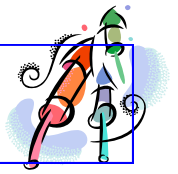
1. Clearly speak your name, contact information, if email please spell, Bank name, Applicant name, and State where the property is located.
2. Technical difficulties: Exact text of error message, time of error, what process you were attempting when error received, is the error confined to one GUS application page or multiple pages, are others in your office experiencing similar issues, your e-Auth log in ID, your IP address, and email a screen print of the error or issue if possible to RD.HD@stl.usda.gov
3. E-Auth issues: Be sure to include your e-Auth log in ID, Bank name, and exact error message received.

The Centralized Help Desk offers assistance with USDA technological applications. DO NOT call the CHD with program related questions for program guidelines, Administrative Notices, or training inquiries. A more comprehensive list of tips and best practices will be issued soon.



Explosion of Administrative Notices

Log on: www.rurdev.usda.gov/regs to download a copy.



In order to have the most recent information regarding the Guaranteed Loan Program be sure to review these AN's and Unnumbered Letters (UL's) located online at www.rurdev.usda.gov/regs under "Administrative Notices" and "Unnumbered Letters."

Origination:

- AN 4423: Guaranteed Underwriting System (GUS), replaces AN 4330
- AN 4432: Conditional Commitment for Loan Guarantee for Proposed New Construction, replaces AN 4337
- AN 4435: Debt Ratio Waivers and Payment Shock, replaces AN 4366
- AN 4436: Traditional and Nontraditional Credit History Verification, replaces AN 4345
- AN 4438: Minimal Essential Documents, replaces AN 4362
- AN 4439: Identifying Red Flags in GUS Loans, NEW TOPIC
- AN 4441: Qualifying for Reduced Documentation When Requesting the Conditional Commitment for Loan Note Guarantee by Utilizing Credit Scores, replaces AN 4346
- AN 4442: In-ground Swimming Pools, NEW TOPIC

Servicing:

- AN 4422: Loss Claim and Future Recovery Processing, replaces AN 4326
- AN 4428: Foreclosure Sale Bids, replaces AN 4350
- AN 4429: Acceptable Liquidation Fees and Costs, replaces AN 4341
- AN 4433: Loss Mitigation Comprehensive Policy Clarification, replaces AN 4321
- AN 4434: Acceptable Foreclosure Timeframes, replaces AN 4342

Unnumbered Letters:

- Approved Lender Training, published May 5, 2009
- Established Tolerances for Property Tax Escrow Accounts, published May 7, 2009



GUS 411

Outline of correct sign up steps for approved lenders.

GUS Sign Up Steps:

1. Lenders should request the "Lender Contact Sheet" from the State Guaranteed Coordinator. To locate a Coordinator visit: <http://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do?pageAction=GetRHContact&NavKey=contact@12>
2. Complete the lender contact sheet and return it to the Coordinator via email.
3. The Coordinator will forward the lender contact sheet to all three National Office GUS contacts.
4. A GUS Starter Pack will be electronically delivered to the lender. The GUS Starter Pack includes: Welcome letter, User Agreement, Transmittal Cover, Mandatory Training Instructions, and step by step Sign Up For GUS instructions. The lender will need to create a LEVEL ONE e-Authentication ID for GUS users and complete mandatory training.
5. Lenders should mail ALL documents to DCFO upon completion of required steps. Separation of documents will delay processing the lender's request. Mail all three: User Agreement, Transmittal Cover, and Training Certification.
6. DCFO will activate the lender by allowing access to the appointed System Administrator via a confirmation email.
7. Security Administrators for each institution may now activate additional GUS users by obtaining their e-Auth ID's. e-Auth ID's are NOT activated in GUS until the Security Administrator assigns GUS roles for each user.



**ENJOY A SAFE AND HAPPY
JULY 4th HOLIDAY!**



CONTACT RURAL DEVELOPMENT TODAY:



Illinois Guaranteed News



Guaranteed Loans Fly the Distance

Guaranteed loans have scored a hole in one during the past fiscal year. In Illinois, volume has increased as more prospective homeowners realize the benefits of 100% financing. Compared to the same time period last year, Guaranteed loans have **increased by almost 45%** in Illinois. Thanks to the hard work and support of our lenders, Illinois continues to be one of the top states delivering guaranteed loans.

With three months to go in Fiscal Year 2009, we look forward to great success. Incentives including our 100% financing combined with up to an \$8,000 tax credit for qualified borrowers offer a great opportunity to purchase a home today. The Guaranteed Program continues to offer financing up to 100% of the appraised value of the property. Two-tiered income limits have helped additional households qualify for the program. Don't forget, income and property eligibility can be determined online at: eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do.

Thanks again to our lenders and real estate partners for your hard work and dedication to the Guaranteed Program. If Rural Development can be of any assistance to you or your agency, please contact us and we would be happy to answer questions or provide training opportunities. Two webinar training classes are coming up soon. Listed to the left are the courses, dates and times.

Webinar Training Opportunities

- July 22, 2009, 10:00 a.m. Guaranteed Rural Housing updates and Information
- July 23, 2009, 10:00 a.m. GUS helpful hints and lender required conditions

Please e-mail Lindsey Rademacher at Lindsey.Rademacher@il.usda.gov by July 20th to reserve your spot.

Keep on top of the game... New Appraisal Requirements for SFH Guaranteed Loans



Beginning July 1, 2009 lenders should begin ordering appraisals to include the Fannie Mae/Freddie Mac form 1004MC, Market Conditions Addendum. For loans already in process, the agency will continue to accept appraisals **without** the 1004MC until **July 31, 2009**. This applies to all loan requests including manually underwritten files and loans submitted through the Guaranteed Underwriting System (GUS).

LOAN PACKAGES RECEIVED AFTER JULY 31, 2009 MUST INCLUDE THE 1004MC.

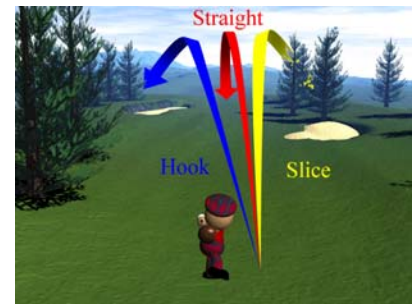
A list serv message was sent Friday, June 26th including the 1004MC requirement on appraisals for the program. Keep up with the latest and greatest information and requirements for the Guaranteed Program. If you are interested in signing up to receive updates through List Serv, please sign up online at: www.rdlist.sc.egov.usda.gov/listserv/mainervlet. Enter your e-mail address and choose to receive updates for Origination, GUS, Servicing or a combination of all three!

Market Conditions Addendum to the Appraisal Report					File No.
The purpose of this addendum is to provide the lender/client with a clear and accurate understanding of the market trends and conditions prevalent in the subject neighborhood. This is a required addendum for all appraisal reports with an effective date on or after April 1, 2009.					
Property Address	City	State	Zip Code		
Instructions: The appraiser must use the information required on this form as the basis for his/her conclusions, and must provide support for those conclusions regarding housing trends and overall market conditions as reported in the Neighborhood section of the appraisal report form. The appraiser must fill in all the information to the extent it is available and reliable and must provide analysis as indicated below. If any required data is unavailable or is considered unreliable, the appraiser must provide an explanation. If data sources provide the required information as an average instead of the median, then the appraiser should report the available figure and identify it as an average. Sales and listings must be properties that compete with the subject property, determined by applying the criteria that would be used by a prospective buyer of the subject property. The appraiser must explain any anomalies in the data, such as seasonal markets, new construction, transactions, etc.					
Neighborhood Analysis		Prior 1-12 Months	Prior 4-6 Months	Current - 3 Months	Overall Trend
Rate # of Comparable Sales (Year)					<input type="checkbox"/> Increasing <input type="checkbox"/> Stable <input type="checkbox"/> Declining
Acquisition Rate (Year Sales/Month)					<input type="checkbox"/> Increasing <input type="checkbox"/> Stable <input type="checkbox"/> Declining
Rate # of Comparable Active Listings					<input type="checkbox"/> Declining <input type="checkbox"/> Stable <input type="checkbox"/> Increasing
Months of Housing Supply (Total Listings/Active Sales)					<input type="checkbox"/> Declining <input type="checkbox"/> Stable <input type="checkbox"/> Increasing
Median Sale & List Price, DOM, List/Sale Ratio		Prior 1-12 Months	Prior 4-6 Months	Current - 3 Months	Overall Trend
Median Comparable Sale Price					<input type="checkbox"/> Increasing <input type="checkbox"/> Stable <input type="checkbox"/> Declining
Median Comparable Sales Days on Market					<input type="checkbox"/> Declining <input type="checkbox"/> Stable <input type="checkbox"/> Increasing
Median Comparable List Price					<input type="checkbox"/> Increasing <input type="checkbox"/> Stable <input type="checkbox"/> Declining
Median Comparable Listings Days on Market					<input type="checkbox"/> Declining <input type="checkbox"/> Stable <input type="checkbox"/> Increasing
Median List-to-Sale Price Ratio					<input type="checkbox"/> Declining <input type="checkbox"/> Stable <input type="checkbox"/> Increasing
Lender-Developer, builder, etc. grant financial assistance program? <input type="checkbox"/> Yes <input type="checkbox"/> No					
Lender or seller has seller concessions (within the past 12 months) (e.g., seller concessions increased from 3% to 5%, increasing use of buydowns, closing costs, carry-back options, etc.)					
Are foreclosure sales (REO sales) a factor in the market? <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> If yes, explain (including the trends in listings and sales of foreclosed properties)					



Administrative Notices

keep you in the Fairway



Several New Administrative Notices have been published in the past few months. Below you will find some changes noted within these AN's. Consider it useful information to keep your cart on the correct path.

- **Administrative Notice 4441:** Qualifying for Reduced Documentation when Requesting a Conditional Commitment. This AN discusses selecting credit scores and streamlined documentation for credit scores. When selecting credit scores utilize the below instructions:

- 3 scores: Select middle score
- 2 scores: Select the lowest score
- 1 score: Does NOT qualify for streamlined documentation. Non traditional credit should be verified (AN 4436)
- No score: Does NOT qualify for streamlined documentation. Non-traditional credit should be documented (AN 4436)

Lenders may continue to take advantage of streamlined documentation when applicant's credit score is above 620 **unless** the applicant have experienced one of the following.

1. Foreclosure within the past three years
2. Bankruptcy: Chapter 7 discharged within the past three years. Chapter 13, completed debt restructuring plan within the previous 12 months
3. Late mortgage payments in the most recent 12 months.

A 620 or greater credit score is **not** automatic approval of a guaranteed loan. It continues to be the approved lenders underwriting responsibility to evaluate guaranteed loans for applicants credit and capacity to repay the loan.

- **Administrative Notice 4439:** GUS Red Flags. On manual and GUS files, when completing item 10 on RD form 1980-21, Request for Guarantee, if the interest rate is floating to close at the time a conditional commitment is issued, the lender must provide evidence in their closing packages to confirm the date the rate was locked and the method of rate selection (either Fannie Mae or VA rate). Lenders utilizing their internal VA rate must provide documentation (copy of their rate sheet) either when requesting a conditional commitment or with a closing package to certify the rate is acceptable for the Guaranteed Program.
- **Administrative Notice 4438:** Essential Documents. FNMA 1008/FHLMC 70, Underwriting and transmittal summary **must** bear the underwriters **signature** to confirm the loan has been underwritten by the approved lender prior to a request for Conditional Commitment
- **Administrative Notice 4436:** Applicant traditional and non-traditional credit history verification. For applicants that receive one or no credit score, it is preferred that lenders pull a Non Traditional Mortgage Credit Report (NTMCR), however the lender may develop their own non-traditional credit history. At least **three** nontraditional credit references should be documented with a 12 month payment record. If the borrower has **no housing history**, a minimum of **four** credit sources must be verified.

Keep your Guaranteed Loans from falling short



- Always max your guaranteed loan out by taking your appraised value divided by 0.98. This will be your maximum loan amount including your guarantee fee. Increases in Loan amounts take 3 days for RD to process. Lenders can close loans for amounts **less** than what is issued on a conditional commitment **without** RD concurrence.
- Remember: Rural Development needs 24 to 48 hours to process Guarantee Files. Do NOT close Guarantee loans without a prior Conditional commitment from Rural Development.
- Utilize the lender checklist available at: www.rurdev.usda.gov/il/grh/1980-DA-ExF.pdf to ensure you have a complete application package. Please avoid sending un-necessary disclosures and information. Application packages can be sent to offices by mail or electronic mail. A list of Illinois Rural Development offices and they counties they cover can be found at: www.rurdev.usda.gov/il/maps/sfh-map.pdf



Hope everyone has a happy
and safe July 4th!

For additional information, please contact:

Lindsey Rademacher
Single Family Housing Specialist
Phone: (217) 403-6216
E-mail: Lindsey.Rademacher@il.usda.gov