



Committed to the future of rural communities.

Guaranteed News

October/November 2007



Guaranteed Program enjoys successful FY 2007!



35,322 Guaranteed Loans

Increasing loan volume: 4,191 more loans versus 2006

Over \$3.6 Billion dollars guaranteed

USDA Rural Development's Guaranteed loan program enjoyed a tremendous fiscal year! Despite the turmoil that ripped through the mortgage industry, Guaranteed loans have emerged as a premier lending program with our sights set on assisting more homebuyers achieve their dreams of homeownership with affordable terms, 100% financing, fixed rates, and no future surprises.

If you are looking for a solid 100% financing option for your clients contact your local Rural Development office for more information, newsletters, and training opportunities!

Thank You!

USDA Rural Development can not be successful without YOU!

It is our lending, real estate, and builder partners who continue to support and promote 100% financing with the Guaranteed Loan Program that allow us to be successful!
Thank you for a successful Fiscal Year (FY) 2007! We look forward to serving you in FY 2008!

Build your business in 2008 with less risk and more rewards!

- * Up to 102% financing*
- * Expanded ratios
- * No maximum purchase price
- * No monthly mortgage insurance
- * Flexible credit (non-traditional histories accepted)
- * NOT just for first time homebuyers
- * 30 year fixed interest rates

*Maximum loan amount is 100% of appraised value plus the one time 2% guarantee fee may be rolled into the loan above the appraised value. The difference between purchase price and appraised value may be utilized for closing costs, pre-paids, necessary repairs, and other eligible expenses.

RD ListServ: Get breaking news about the Guaranteed loan program delivered to your email in-box!

Have you ever wondered when a new Administrative Notice was released? When did everyone learn about 620 credit scores qualifying for streamlined documentation? **RD ListServ is the answer!**

Log on, provide your email address, and enjoy **FREE** updates delivered to your email address for immediate access to the latest **Origination, Servicing, and/or GUS news** for the Guaranteed loan program!

www.rdlist.sc.egov.usda.gov/listserv/mainservlet



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Condo's and townhouses, and PUD's– OH MY!

Affordable housing options qualify for Guaranteed financing!

Important, but underutilized affordable housing options are condominiums, townhouses (or 1/2 duplex) and homes located in PUD's (Planned Unit Developments). Some lenders do not have a clear understanding regarding these important opportunities. The following will assist you in promoting and understanding these valuable homeownership options for your clients.



Rural Development does not maintain approved condominium or PUD development lists. The following basic rules will assist you in determining if a project will meet SFHGLP guidelines:

- If the project/development is approved or accepted by ANY OF THE FOLLOWING acceptable entities it is eligible for Guaranteed financing: Fannie Mae, Freddie Mac, HUD, or VA
- Dwellings served by Homeowner Associations (HOA's) are also eligible if they have been approved or accepted by ANY OF THE FOLLOWING entities: Fannie Mae, Freddie Mac, HUD, or VA
- PUD's are all acceptable.
- Additional guidance regarding condominium requirements can be found in AN 4303 (www.rurdev.usda.gov/regs) which outlines procedures for Lender Self Certification and Warranty of Condominiums: all information remains in the lenders file for audit purposes. By stating the project classification on the Underwriting Transmittal Summary (FNMA 1008/FHLMC 1077) the lender certifies that the condominium meets the requirements.

All properties must be primary single family housing residences. A separate legal description must be attainable for any unit purchased that has common walls or is a duplex.

Affordable housing subdivisions and developments are popping up everywhere. Guaranteed financing can help you assist more homebuyers with affordable and flexible terms. Do not miss out on an opportunity!



Guaranteed loans submitted to GUS that receive an "Accept" recommendation only require 3 items to obtain a conditional commitment: 1980-21, appraisal, and flood determination.



DO YOU KNOW GUS? Sign up for the [GUS](#) ListServ today! (See page 1)

Guaranteed or False?

Test your knowledge of the Guaranteed loan program

1. The minimum credit score for a Guaranteed loan is 620.
2. Condominiums accepted by Fannie Mae are not eligible for Guaranteed financing.
3. Guaranteed loans have no monthly mortgage insurance.
4. Eligible properties are only located in the middle of nowhere.
5. The one time guarantee fee can be rolled into the loan above the appraised value.
6. If an installment debt has three months left until paid off lenders must count this debt in ratios.
7. Rural Development allows lenders to exceed the 29/41 ratios with strong compensating factors.
8. Only FHA roster appraisers may be used for Guaranteed loans.
9. Verification of Rent is necessary for all applicants with FICO scores of 619 and below.
10. Guaranteed loans take longer to close than conventional loans.

1. False: No minimum FICO score.
2. False: Re-read condo article above.
3. Guaranteed True!
4. False: Many eligible cities are right outside of large metro areas.
5. Guaranteed True! Up to 102% financing allowed!
6. False: Less than 6 months you do not have to count.
7. Guaranteed True: Make the loans that make sense!
8. False: Lenders may choose and certify appraisers of their choice.
9. Guaranteed True!
10. False: Normal purchase contract timeframe. RD turns files around in 48 hours or less!

For more information and assistance contact:

Lindsey M. Rademacher
 Single Family Housing Specialist
 Ph: 217-403-6216
 E-Mail: Lindsey.Rademacher@il.usda.gov

Illinois Guaranteed News



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October /November 2007

It's a Three-Peat!

2005

2006

And Now...

2007

For the third year straight, it was a very successful year for the Guaranteed Rural Housing Program in Illinois. Illinois again ranked as #1 in delivering the Guaranteed Rural Housing program. During Fiscal Year 2007, RD guaranteed over 3,100 loans for over \$247 million. Without the help of all our lenders promoting and supporting the program, this would not have been possible! So thanks to everyone who has helped Rural Development achieve success during FY 2007 and we look forward to another successful year in 2008!

CONGRATULATIONS TO OUR 2007 MILLION \$ LENDERS

Amcure Bank, N.A.
American Mortgage Lending, Inc.
ASAP Mortgage, Inc.
Bank & Trust Company—Litchfield
Bank of Edwardsville
Bank of Rantoul
Banterra Bank
Bradford National Bank
Brimfield Bank
Busey Bank
Casey State Bank
Castle Bank
Central Bank Illinois
Centrue Bank
Cherry Creek Mortgage
Citizens Equity First Credit Union
Community State Bank—Rockfalls
Countrywide Home Loans, Inc.
Draper & Kramer Mortgage Corp.
Eagle Mortgage Brokerage, Inc.
Farmers & Merchants State Bank
Farmers National Bank—Prophetstown
Farmers State Bank—Marion
Farmers State Bank—Pittsfield
Farmers State Bank of Fulton Co.

First Advantage Mortgage, LLC
First Bank Mortgage
First Bankers Trust Co.
First Federal Saving Bank—Ottawa
First Financial Bank, NA
First Mid-Illinois Bank & Trust
First National Bank & Trust—Rochelle
First National Bank—Vandalia
First Co Mortgage Corp.
Global State Mortgage
Grundy Bank
Homestar Bank
Illinois National Bank
Jacksonville Savings Bank
JP Morgan Chase Bank, N.A.
Litchfield National Bank
Mainsource Bank of Illinois
Marine Bank—Springfield
Marine Bank & Trust
Mazon State Bank
Mid America Mortgage Services of IL
Midland States Bank
Moneywork\$
Mortgage Makers
Mortgage Services III, LLC

Murphy Wall State Bank & Trust
National Bank—Hillsboro
National City Mortgage
Peoples Bank & Trust—Pana
Peoples National Bank—Mt. Vernon
Premier Mortgage Funding, Inc.
Pulaski Mortgage Co.
Regions Bank
Scott State Bank
South Central Illinois Mortgage
State Bank of Chrisman
State Bank of Lincoln
Sterling Federal FSB
Stillman Bancorp, N.A.
Taylor, Bean & Whitaker
Teutopolis State Bank
The Bank—Charleston
The Bank of Marion
Wells Fargo
Wykoff Mortgage Services

Don't Forget

Daylight savings
time will end at
2a.m. on Sunday,
November 4th.

Set your clocks back
one hour and enjoy
an extra hour of
sleep this weekend!

Expand your business during 2008!

- Up to 100% Financing!
- NO PMI!
- 30 Year Fixed Interest Rates
- No maximum Purchase Price.
- No Reserve Minimum
- NO Asset Limitations
- No Limit on Seller Concessions
- The possibilities are Endless!



Deductions... Deductions... Deductions

WHAT DEDUCTIONS
WILL HELP THE TWO
PERSON HOUSEHOLD
QUALIFY???



RD HAS AN ANSWER FOR YOU!

Pre-Tax healthcare items such as health insurance premiums or health savings plans can be deducted from an applicants income for qualifying purposes.

**They
Qualify!**

Dependents: \$480 Each	<ul style="list-style-type: none"> • Children Under 18 years • Disabled Household members 18 or older • Full time students 18 or older
Dependents	Daycare Expenses of Minor Children (Under age 13) can be deducted \$ for \$
Elderly Families \$ 400 Single Deduction	<ul style="list-style-type: none"> • 62 years of age or older, disabled, or the surviving spouse of deceased elderly client. • Out of pocket medical expenses exceeding 3% of Gross Income.

EXAMPLE:

- 2 Person household moving to Champaign County.
- Adjusted Income limit for Champaign County: \$57,600.
- Applicants have a gross income of \$60,500

HOWEVER:

- \$80 (pre-tax) per Bi-weekly pay period for Health Insurance.
- \$46 (pre-tax) per Bi-weekly pay period for a health savings plan.

\$60,500	Gross Income
- 2,080	Health Insurance Premiums
- 1,196	Health Saving Plan
<u>\$57,224</u>	Adjusted Household Income

For Additional Information,
Please Contact:

Lindsey Rademacher
SFH Specialist

Ph: (217) 403-6216

E-Mail:

Lindsey.Rademacher@il.usda.gov



<http://www.rurdev.usda.gov/il/grh.htm>

"GUS-GUS"



What are the benefits to signing up for the Guaranteed Underwriting System (GUS) at this time? At this time, GUS is a Dual entry system meaning that a lender will have to enter the information into their LOS along with a dual entry into the GUS system. We anticipate that GUS will incorporate an Import function early 2008 eliminating the Dual Entry system.

Lenders will receive one of three responses from GUS: 1. Accept 2. Refer 3. Refer with Caution. **GUS does not deny loans!** If you receive a "Refer" or "Refer with Caution" on the file, document your compensating factors and send your complete application file to the RD office for a manual underwrite. If GUS gives you an "Accept" on the file, all you will need to send the RD office is a copy of the signed RD form 1980-21 Request for Guarantee, a copy of the Flood Certificate and the appraisal. On a GUS "Accept" file, if the applicants credit score is below 620 or ratios are above 29/41, no compensating factors are needed. **All information entered into the GUS system must be verified!**

If you have any questions or if you are interested in signing up for GUS, contact Lindsey Rademacher by phone at (217) 403-6216 or by e-mail at Lindsey.Rademacher@il.usda.gov.