



# Kentucky's Guaranteed Rural Housing News

# KENTUCKY CONNECTING THREADS

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## INFORMATIONAL THREADS

### Administrative Notices:

[SFHGLP Minimal Essential Documents RD AN 4438 \(1980-D\) 05/21/09](#)

[SFHGLP Guaranteed identifying Red Flags GUS Loans RD AN 4439 \(1980-D\) 05/07/09](#)

[SFHGLP Qualifying for Reduced Documentation when Requesting the CC for LNG by Utilizing Credit Scores RD AN 4441 \(1980-D\) 05/07/09](#)

[SFHGLP In-Ground Swimming Pools SFHGLP RD AN 4442 \(1980-D\) 05/28/09](#)

[SFHGLP Application of Davis-Bacon Wage Rate Requirements to Project Funded with ARRA Funds RD AN 4449 \(1980-D\) 06/15/09](#)

[SFHGLP Liquid Asset Types and Document RD AN 4451 \(1980-D\) 06/22/09](#)

[SFHGLP Owning Multiple Dwellings RD AN 4454\(1980-D\) 06/29/09](#)

[SFHGLP documentation of Adverse Credit Waiver, Ratio Waiver Request & Confirmation of Underwriting RD AN 4469\(1980-D\) 07/31/09](#)

[SFHGLP Stable & Dependable Income RD AN 4474 \(1980-D\) 09/17/09](#)

[SFHGLP Existing Dwelling Insp. Requirements RD AN 4476\(1980-D\) 10/23/09](#)

## The Cecilian Bank, Elizabethtown

Don Johnson, USDA Rural Development GRH Loan Specialist, was recently invited to conduct training for the lending staff at The Cecilian Bank in Elizabethtown, KY.

Michaela Johnson and Anthony Conder of The Cecilian Bank were excited to learn about the new opportunities the GRH Program will provide. A 100% 30 year fixed interest rate loan with flexible credit and qualifying ratios along with other benefits, will open the door to a new market and new growth possibilities.

We look forward to a long and productive relationship with The Cecilian Bank in delivering this affordable housing product to the people of Kentucky and to a strong partnership in the Kentucky GRH Program.



L to R: Anthony Conder and Michaela Johnson of The Cecilian Bank.

## DEFERRED STUDENT LOANS AND DEBT RATIO CALCULATIONS

For the USDA Rural Development Single Family Housing Guaranteed Loan Program, deferred student loans should be included in the debt ratio calculations for Guaranteed Loans regardless of the deferment period.

Rural Development RD Instruction 1980-D, section 1980.345(c)(1) states: *“Long term obligations include those obligations . . . with a remaining repayment period of more than 6 months and other shorter term debts that are considered to have a significant impact on repayment ability.”*

Deferred student loans are long term obligations with remaining repayment periods of more than 6 months, and they must be included as part of the

applicant's recurring monthly debt obligations. If the credit report does not reflect a monthly payment due at the end of the deferment period, the lender may request a copy of the applicant's payment letter, or utilize the industry standard of estimating student loan payments as 1% of the loan balance. Therefore a deferred student loan balance of \$12,000 should have a corresponding monthly payment of \$120 if no estimated payment is verified by the lender.

This guidance applies to all manually underwritten loan files as well as loans submitted through the Guaranteed Underwriting System (GUS).

## Kentucky SFHGRH Obligations

FY- 2010 thru 3/31/2010

1858 Loans = \$212,145,024

# GUS UPDATE!



## \*\*GUS QUALITY CONTROL MESSAGES \*\*

GUS quality control messages are intended to ensure data integrity of the loan data entered into GUS. When lenders perform a “Final” underwriting submission to Rural Development they must review and abide by the final underwriting findings report which may include one or more of the quality control messages. The following information must be submitted by the lender to Rural Development in the event one or more of these rules appear:

**FULL DOCUMENTATION:** The lender must submit their full documentation origination loan file. For GUS “Accept” recommendations this does NOT include ratio waiver requests. Rural Development must ensure all data entered by the lender has supporting documentation in the lender’s permanent case file. (i.e. an entry for \$4,000 in a money market savings account has corresponding evidence of this account.)

**MULTIPLE APPLICATIONS:** GUS has detected that the borrower or co-borrower is already on other GUS loan applications. The dates of these applications will be listed in the message. This may occur when the lender begins another application in GUS, or the borrowers have applied with different lenders. Regardless, the lender must document an explanation in their loan file, which Rural Development may request, and can assist in researching the multiple applications if lenders have questions.

## ENSURING GUS DATA INTEGRITY

When an approved lender utilizes the Guaranteed Underwriting System (GUS), the lender is responsible for data integrity. The data provided in the property information fields must match that of the application and underwriting documents delivered to Rural Development at Loan Note Guarantee request. The proper entry of address data including house numbers, street numbers, city, county, state and zip codes is extremely important.

To ensure GUS interprets data correctly the following guidelines will assist users when entering information:

- 1) Use U.S. Postal Service (USPS) standards to enter address-related and information to avoid adversely affecting data integrity.
- 2) Place the house number at the beginning of the street address. e.g. 123 Main St (correct); Main St 123 (incorrect).
- 3) Do not include identifiers such as BLDG, UNIT, OR STE in the address.
- 4) Enter either complete names (e.g. Avenue or Street) or the appropriate abbreviations provided by the

USPS.

- 5) If using a street suffix – use a valid suffix (e.g. AVE, PKWY, or TER).
- 6) Do not use “TBD” in the address field of a final submission to the Agency. Modify the address to coincide with the subject property to be purchased. “TBD” may be utilized for preliminary submissions only.
- 7) Include the city, county, state and zip code of the subject property. Use the USPS site to provide the zip+4. Ensure the proper addresses and County is accurately entered. The recommended method is to utilize the GEO Code Service available [a pop up notification that occurs when navigating from the Eligibility page] to ensure the Zip+4 is captured and the address meets the USPS standardization as follows:
- 8) Do not use the number sign (#) or the term Number or the abbreviation “NO.” following the street information. e.g. 123 Main St #4 (incorrect).
- 9) Include pre-directional abbreviations (e.g. 12 N Main St) in the street name field.
- 10) Include post-directional abbreviations (e.g. 12 Broad Street NW) in the street name field.
- 11) Ensure accurate spelling.
- 12) Re-enter the property address if it changes and resubmit to GUS.
- 13) DO NOT enter blank spaces or fractions in the house number. To enter a subject property address that has a fraction as part of the number, use the standard keyboard numbers and include a slash. e.g. 123 1/2 Main St (correct); 123 ½ Main St

(incorrect).

- 14) Remove all special characters, multiple blanks and punctuation as follows:

Spaces	Double spaces/blanks – change to single space or blank: Example 123<space> Main ST
*	Asterisks
,	Commas
.	Periods
()	Parentheses
“ ”	Quotations
:	Colons
;	Semi-colons
'	Apostrophes
-	Hyphens
@	At symbol
&	Ampersand
Directional Street Names	Spell out directional street names (e.g. 123 North St (correct); 123 N St (incorrect).

Help ensure accurate information, eliminate errors and returned files by following the guidelines provided above.

Should you have any questions regarding the above guidance, please feel free to contact any member of the GUS team or the Guarantee Loan Division at 202.720.1452.

### GUS Underwriting Statistics YTD

Total Obligations 1858  
 Total GUS Obligations 1065  
 GUS Percentage 57.3%

#### GUS Recommendation Statistics

Final Submissions = 1182  
 Accept 1154 = 97.6%  
 Refer 22 = 1.9%  
 Refer w/Caution 6 = .5%

## GUS APPROVED LENDERS IN KENTUCKY

ALLIED HOME MORTGAGE CAPITAL CORP.	FIRST FEDERAL SAVINGS BANK	NEW AGE MORTGAGE COMPANY
ALLIED MORTGAGE GROUP, INC.	FIRST PLACE BANK	PEOPLES BANK
AMERICAN MORTGAGE SERVICE COMPANY	FIRST STATE BANK	PEOPLES EXCHANGE BANK
AMERICAN SOUTHWEST MORTGAGE CORP.	FLAGSTAR BANK	PLAZA HOME MORTGAGE, INC.
ARK-LA-TEX FINANCIAL SERVICES, LLC DBA	FRANKLIN AMERICAN MORTGAGE COMPANY	POLARIS HOME FUNDING
BANK OF ANN ARBOR	GUARANTEED RATE INC.	PRIMELENDING, A PLAINSCAPITAL CO.
CAROLINA BANK	GUARANTY TRUST CO	REPUBLIC STATE MORTGAGE COMPANY
CITIZENS DEPOSIT BANK & TRUST	GVC MORTGAGE, INC. DBA PREFERRED CAPI	ROSS MORTGAGE CORPORATION
CITIZENS NATIONAL BANK OF PARIS	HOMEOWNERS MORTGAGE ENTERPRISES, II	SECURITY NATIONAL MORTGAGE CO
COMMONWEALTH BANK & TRUST COMPANY	HOMETOWN MORTGAGE SERVICES INC.	SIDUS FINANCIAL, LLC
COMMUNITY FINANCIAL SERVICES BANK	JP MORGAN CHASE BANK, N.A.	SOUTH CENTRAL BANCSHARES
CRESCENT MORTGAGE COMPANY	KENTUCKY FEDERAL SAVINGS & LOAN	STATE BANK OF PAW PAW
CUMBERLAND BANK AND TRUST	KEY MORTGAGE COMPANY, INC.	STOCKTON MORTGAGE CORPORATION
CUMBERLAND SECURITY BANK	KIRKSTON MORTGAGE LENDING	SUNTRUST MORTGAGE, INC.
CUMBERLAND VALLEY NATIONAL BK & TRUST	M/I FINANCIAL CORPORATION	TAYLOR COUNTY BANK
DOVER MORTGAGE COMPANY	MAGNOLIA BANK	UNITED CITIZENS BANK
EQUITY SERVICES, INC.	MFC MORTGAGE INC. OF FLORIDA	UNITED FIDELITY FUNDING CORPORATION
FIRST CENTURY BANK	MICHIGAN MUTUAL, INC.	WESTERN OHIO MORTGAGE CORP
FIRST CITIZENS NATIONAL BANK	MORTGAGE INVESTORS GROUP	WILSON & MUIR BANK & TRUST COMPANY
FIRST COMMUNITY MORTGAGE	MORTGAGE LENDERS OF AMERICA, LLC	WR STARKEY MORTGAGE LLP
FIRST FEDERAL BANK	MORTGAGE SERVICES III, LLC	WRIGHT-PATT CREDIT UNION, INC.

### Cash Back to Borrower at Closing

In our January 20, 2010 notice we addressed cash back to the borrower at closing. Since that release, we have fielded a number of questions. To reiterate and clarify, **the borrower(s) may not receive any cash back at closing, other than the documented amount the borrower has paid in advance from their personal funds, such as earnest money deposit, fees for an appraisal or credit report fees.** Gift funds with no terms of repayment are considered personal funds, if there is an executed donor letter and verification the funds were transferred to the borrower prior to or at closing. Often times, cash return occurs when calculating pro-rated real estate taxes. Pro-rated real estate taxes are paid by the seller and cannot be paid in the form of cash returned to the borrower at settlement. However, the borrower's closing costs may be reduced by the amount of contribution or the amount can be applied as a principal reduction (a modification to the note is not required). If known in advance of closing, lenders may reduce the loan by the amount of pro-rated taxes to avoid payment to the borrower. Cash back to the borrower at closing for the purchase of appliances is not an eligible loan closing cost, unless the purchase was disclosed as part of the **"initial loan request and commitment,"** and the requirements of Section 1980.310 of RD Instruction 1980-D: installation of necessary appliances... are met.

When official text is received we will email to lenders and include in a subsequent newsletter.

## Connecting Threads - A Kentucky Tradition



The lovely quilt block shown here was painted by Mary Stone to be displayed in the newly constructed Bath County Agricultural Complex located in Owingsville, Kentucky. This pattern is a variation of the Double Wedding Ring pattern.

The Bath County Agricultural Complex is a 12,210 facility which houses the Bath County Extension Office, as well as a public meeting area, kitchen, agricultural related small business shops, and a covered pavilion farmers market. This beautiful quilt block serves as a tribute to the generations of quilters in Bath County.

**Double Wedding Ring Pattern Variation, painted by Mary Stone**

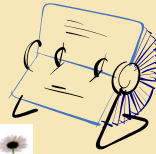


We would love to feature your family heirloom quilt, a quilt you have made, your barn quilt block or photos of barn quilt blocks in your area!

If you, or someone you know, would like to have their quilt or barn block featured in a newsletter please e-mail a picture, the owner's name, company, position, the quilt pattern name and history to: [laura.leach@ky.usda.gov](mailto:laura.leach@ky.usda.gov)

**CONTACT INFORMATION**

USDA Rural Development  
 Thomas G. Fern, State Director  
 771 Corporate Drive, Suite 200  
 Lexington, KY 40503  
 Phone: 859/224-7322  
 Fax: 859/224-7450



Kentucky Web site: <http://www.rurdev.usda.gov/ky>  
 National Web site: <http://www.rurdev.usda.gov>  
 Rural Development GRH Information:  
[http://www.rurdev.usda.gov/rhs/sfh/GSFH\\_Information/GSFH\\_Specific.htm](http://www.rurdev.usda.gov/rhs/sfh/GSFH_Information/GSFH_Specific.htm)

**Questions or Comments?** E-mail Don Johnson, SFH Specialist-Guaranteed [don.johnson@ky.usda.gov](mailto:don.johnson@ky.usda.gov) or Laura Leach, SFH Technician [laura.leach@ky.usda.gov](mailto:laura.leach@ky.usda.gov)

Keep the threads of information going; pass this on to anyone you think may be interested. If you have received this from a friend, please e-mail us if you want to be included in the mailing list for our next issue!

**WEB SITE CONNECTIONS**

**Regulations**  
<http://www.rurdev.usda.gov/regs>  
<http://www.rurdev.usda.gov/regs/regs/pdf/1980d.pdf>

**Program Procedure Notices (PN's) and Administrative Notices (AN's)**  
<http://www.rurdev.usda.gov/rhs>  
[http://www.rurdev.usda.gov/regs/an\\_list.html](http://www.rurdev.usda.gov/regs/an_list.html)  
[http://www.rurdev.usda.gov/regs/pn\\_list.html](http://www.rurdev.usda.gov/regs/pn_list.html)  
[http://www.rurdev.usda.gov/regs/ul\\_list.html](http://www.rurdev.usda.gov/regs/ul_list.html)



**Sign up for direct receipt of AN's at:**  
<http://www.rdlist.sc.egov.usda.gov/listserv/mainseivlet>

**Forms**  
<http://www.rurdev.usda.gov/regs/formstoc.html>  
<http://www/sc.egov.usda.gov/>

**Income Exhibit / Tables**  
<http://www.rurdev.usda.gov/regs/>  
<http://www.rurdev.usda.gov/rhs/sfh/sfh%20guaranteed%20loan%20income%20limits.htm>  
[http://www.rurdev.usda.gov/rhs/sfh/GSF\\_Income\\_Limits/KY%20GRH.pdf](http://www.rurdev.usda.gov/rhs/sfh/GSF_Income_Limits/KY%20GRH.pdf)

**KY "MAPS"**  
<http://www.rurdev.usda.gov/ky/maps.htm>  
<http://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do>

In order to better assist GUS Lender Security Administrators, a video on E-Auth training has been posted on the USDA Link web site which can be accessed at the following address:  
<https://usdalinc.sc.egov.usda.gov/USDALincTrainingResourceLib.do>  
 Select: **Lender E-Auth Training for SFH** (Requires Adobe Flash Player to be installed on your computer.)

**GUS E-LEARNING MODULES – ONLINE**

[GRH –GUS Lenders Training](#)  
[USDA LINK – GUS Lender User Guide](#)

Log On:  
<https://usdalinc.sc.egov.usda.gov/USDALincTrainingResourceLib.do>  
 Scroll down to "Guaranteed Underwriting System (GUS)",  
 Click on "GUS Lender Overview Training" or "GUS Lender Advanced Training" or Click on Documentation and Resources

**AREA OFFICE CONNECTIONS**



**MAYFIELD**  
 1000 Commonwealth Dr.  
 Mayfield, KY, 42066

**John D. Wells** Area Specialist  
 Phone: 270/247-9525 Ext.4  
 Fax: 270/251-3596  
[RA.KYMayfield.GRHMayfield](http://RA.KYMayfield.GRHMayfield)

Area: Ballard, Caldwell, Calloway, Carlisle, Christian, Crittenden, Daviess, Fulton, Graves, Hancock, Henderson, Hickman, Hopkins, Livingston, Lyon, Marshall, McCracken, McLean, Muhlenberg, Ohio, Todd, Trigg, Union, & Webster

**COLUMBIA**  
 957 Campbellsville Road  
 Columbia, KY 42728

**Gary S. Crockett**, Area Specialist  
**Thomas Holmes, Jr.**, Area Specialist  
 Phone: 270/384-6431 Ext. 5  
 Fax: 270/384-6351  
[RA.KYColumbia.GRHColumbia](http://RA.KYColumbia.GRHColumbia)

Area: Adair, Allen, Barren, Breckinridge, Bullitt, Butler, Casey, Cumberland, Edmonson, Grayson, Green, Hardin, Hart, Larue, Logan, Marion, Meade, Metcalfe, Monroe, Nelson, Russell, Simpson, Taylor, Warren, & Washington

**SHELBYVILLE**  
 90 Howard Drive, Suite 3  
 Shelbyville, KY 40065

**Brent Poole**, Area Specialist  
 Phone: 502-633-3294 Ext. 4  
 Fax: 502/633-0552  
[RA.KYShelbyville.GRHShelbyville](http://RA.KYShelbyville.GRHShelbyville)

Area: Anderson, Boone, Bourbon, Boyle, Campbell, Carroll, Clark, Estill, Fayette, Franklin, Gallatin, Garrard, Grant, Harrison, Henry, Jefferson, Jessamine, Kenton, Madison, Mercer, Oldham, Owen, Pendleton, Scott, Shelby, Spencer, Trimble, & Woodford

**MOREHEAD**  
 220 West First Street  
 Morehead, KY 40351

**Scott Whitaker**, Area Specialist  
 Phone: 606/784-6447 Ext. 4  
 Fax: 606/874-2076  
[RA.KYMorehead.GRHMorehead](http://RA.KYMorehead.GRHMorehead)

Area: Bath, Boyd, Bracken, Carter, Elliott, Fleming, Floyd, Greenup, Johnson, Lawrence, Lewis, Magoffin, Martin, Mason, Menifee, Morgan, Montgomery, Nicholas, Pike, Powell, Robertson, Rowan, & Wolfe

**LONDON**  
 100 Nami Plaza, Suite #3  
 London, KY 40741

**Tony R. Snell**, Area Specialist  
**Dianna Adams**, Area Specialist  
 Phone: 606/864-2172 Ext. 4  
 Fax: 606/878-7761  
[RA.KYLondon.GRHLondon](http://RA.KYLondon.GRHLondon)

Area: Bell, Breathitt, Clay, Clinton, Harlan, Jackson, Knott, Knox, Laurel, Lee, Leslie, Letcher, Lincoln, McCreary, Owsley, Perry, Pulaski, Rockcastle, Wayne, & Whitley

This newsletter is distributed each month to approximately 1,000 loan officers representing approximately 400 lending companies!

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