

American Recovery and Reinvestment Act Funding Received for Guaranteed Rural Housing Program

"...USDA guaranteed rural housing loans will now make the goal of owning a home a reality in communities around our state."

Senator Mary Landrieu



On April 1, 2009, Vice President Joe Biden and Agriculture Secretary Tom Vilsack announced that the U.S. Department of Agriculture has begun disbursing the first wave of the \$10 billion in guaranteed housing loans provided in the American Recovery and Reinvestment Act of 2009 to help spur economic and homeownership opportunities in rural America.

In Louisiana, more than \$160.5 million in

Recovery Act funding has been obligated for Guaranteed Rural Housing loans. This translates into 1,204 rural families in Louisiana realizing the American dream of homeownership.

"During this economic crisis, homeownership is out of reach for thousands of families in rural Louisiana," Senator Mary Landrieu said.

"However, these USDA guaranteed rural housing loans will now make the goal of owning a home a reality in communities around our state. These funds also will help employ hundreds of

people, which will bolster our housing market and strengthen our overall economy."

Funding from the American Recovery and Reinvestment Act of 2009 will initially provide 15,000 rural families across the nation with \$1.76 billion in loan guarantees for homeownership financing, creating or saving approximately 7,500 jobs. In Louisiana, it is anticipated that more than 3,000 families will benefit from this funding this year.

New Statewide Income Limits

Effective April 20, 2009, the Louisiana GRH income limits are:

1-4 person household - \$73,600
5-8 person household - \$97,150

To help keep this momentum going, this issue of the Pelican Press is jam-packed with great information:

- Higher income limits have been released and the 2-tier income limit structure is now in effect for all parishes
- New training requirements for new GUS lenders and new approved lenders
- Best practices and tips for delivery of Conditional Commitments and Loan Note Guarantees
- Funding news
- GUS enhancements ... and much, much more!

New loan requests, loan closing packages, and any other correspondence for all parishes are to be sent to:

USDA Rural Development
ATTN: Guaranteed Rural Housing Section
3727 Government Street
Alexandria, LA 71302

Fax: (318) 473-7829

Phone: (318) 473-7910

E-mail loan requests to one of the following group email addresses:

LA-RD-AREA1GRH@one.usda.gov or
LA-RD-AREA2GRH@one.usda.gov or
LA-RD-AREA3GRH@one.usda.gov or
LA-RD-AREA4GRH@one.usda.gov

In order to eliminate unnecessary telephone calls, include the e-mail address of the lender and mortgage broker (if applicable) in order for our staff to send notification of receipt of the loan application package.

From the Program Director

Debbie Redfearn

Single Family Housing Program Director

At the risk of repeating myself ... Louisiana is on another record-setting pace for approving Guaranteed Rural Housing (GRH) loans! As of April 30, 2009, Louisiana has obligated 2,519 loans for a total investment of \$334,541,111.

What doesn't get old is feeling proud to help thousands of Louisiana families obtain homeownership. As always, a big thanks goes out to all of our partners for this success.

Record-Setting Pace

News

Efficient Delivery of Conditional Commitments and Loan Note Guarantees

Best Practices for Lenders and Mortgage Brokers

- For new applications, send a complete package – **DO NOT PIECEMEAL** – This slows down the approval process.
- Do not schedule the loan closing **PRIOR** to receiving the Conditional Commitment.
- Do not close the loan for an amount above the committed loan amount on the Conditional Commitment without prior approval by Rural Development. Funding for your loan request is set aside for the exact amount of the Conditional Commitment. Upward variances in the loan amount will cause a delay in delivering the Loan Note Guarantee, and could jeopardize the ability to secure a Loan Note Guarantee.
- Submit only closing documents requested from Rural Development. Additional documentation will slow the loan closing review process.
- Insure your origination branches clear conditions prior to loan closing, or on the date of loan closing (example – establishment of an escrow for exterior repairs in accordance with Section 1980.315 of RD Instruction 1980-D).
- Submit accurate guarantee fees with the loan closing package.
- Allow a reasonable period of time for delivery of the Loan Note Guarantee, based upon delivery from your organization, allowing time for review and preparation by Rural Development. Typically within 5 business days after the delivery of the request to Rural Development, the Loan Note Guarantee should be completed and delivered to the lender. Allow for return mail delivery for those that are not delivered electronically.
- Sign up for our e-mail distribution list to receive timely updated information regarding program origination, GUS underwriting or servicing. Sign up at: <http://www.rdlist.sc.egov.usda.gov/listserv/mainservlet>.



Income Limits in Louisiana

Guaranteed Rural Housing Moderate Income Limits (Orleans Parish is Ineligible for Lending)

Effective April 20, 2009

Number in Household	Income Amount*
1-4 Persons	\$73,600
5-8 Persons	\$97,150

*Add 8% of 1-4-person income limit for each person in excess of 8 persons.

Moderate income is defined as 115% of the U.S. Median Family Income.

Form RD 1980-11 Guaranteed Lender Record Change

When transferring a GRH loan to another lender, please complete Form RD 1980-11. The most common error is not completing the section for holding lender and/or servicing lender.

Market Conditions Appraisal Addendum

Until further guidance is received from our National Office, Fannie Mae Form 1004MC/ Freddie Mac Form 71 is not required for GRH property appraisals. Continue to follow Administrative Notices 4364 and 4394.

In-Ground Swimming Pools

In Louisiana, we may be able to approve homes with in-ground swimming pools on a case-by-case basis.

Welcome to Guaranteed Rural Housing!

We would like to welcome the following lender as an approved lender for participation in the Guaranteed Rural Housing program in Louisiana:

First National Bank – Ruston, LA



Training

New Training Requirements for New Approved Lenders and New GUS Lenders

Effective April 1, 2009, new approved lenders must complete acceptable Guaranteed Rural Housing (GRH) training. This training is mandatory for loan originators and underwriters that will participate in the GRH program. Acceptable training programs include:

- Guaranteed training programs presented by Rural Development staff.
- Training via WebEx. GTO: Guaranteed Training Opportunities offers a course titled, "Get Guaranteed" available online. 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 or state office. Lenders may visit www.allregs.com for more information.

Also effective April 1, 2009, new GUS lenders must complete acceptable GUS training. For details, please see the GUS section in this newsletter.

Lender Training Classes For New Lenders or Refresher Training For Veteran Lenders

Due to the increased volume of loan activity and numerous requests for GRH loan training, it has become necessary that we offer group lender training classes in lieu of individual training sessions. We will offer scheduled lender training classes in locations across Louisiana as needed. The classes will cover the guaranteed loan making process and underwriting guidelines, and last approximately two hours. These classes are great for the new lender or for the lender who needs refresher training. We will provide all training materials. If you are interested in receiving lender training, please contact Ross Maxwell at ross.maxwell@la.usda.gov.



GRH News Delivered To Your E-Mail Address

Lenders are invited to sign up for GRH origination and servicing news delivered right to your email. Simply go to the website below, enter your email address, and select the updates you want to receive:

<http://www.rdlist.sc.egov.usda.gov>

Suggestion Box

We want to hear from you! Give us your suggestions to improve the GRH program in Louisiana. Why would you choose another program over the GRH program? Please send your ideas to:

debbie.redfearn@la.usda.gov



Address Updates, Questions, and Comments

In an effort to save paper and postage, we will distribute this and future newsletters by email. Thanks to those of you who have responded to our request; our email address list grows each day. Please provide your email address, if you wish to receive program announcements and newsletters, to debbie.redfearn@la.usda.gov.



GUS

Guaranteed Underwriting System

GUS is now available in Louisiana for all approved lenders. Over 800 lenders are now using GUS nationwide and we expect participation to increase as improvements to GUS are made.

Currently, GUS is a direct data entry system, meaning applications must be manually entered into GUS. Lenders presently using DU/DO/LP or other loan origination systems (LOS) to enter applications will not be able to import them into GUS at this time. Manually entering a loan into GUS and receiving a loan recommendation may add 10-30 minutes of additional processing time.

Use of GUS is voluntary, but lenders are encouraged to use this important automation tool for the Guaranteed Rural Housing program. GUS incorporates the underwriting requirements of RD Instruction 1980-D and uses a modified version of the Federal Housing Administration (FHA) mortgage scorecard known as Technology Open To Approved Lenders (TOTAL) in a web-based automated underwriting environment.

Training Requirements

Effective April 1, 2009, approved lenders seeking access to GUS must complete mandatory training offered by Rural Development. This training is to assure compliance with and understanding of Rural Development regulations and provide an overview of the expectations of mortgage loans entered into GUS. Security Administrators and users that will be authorized "Final Submit" authority MUST complete training. The Guaranteed Training Opportunity (GTO) course, "Get to Know GUS" is available online via WebEx at <https://rurdev.webex.com>. Attendance sheets that include training certification will be posted in the course materials for all WebEx presentations. Lenders who have an active GUS User Agreement prior to April 1, 2009, are encouraged to take GUS training, but are not required. GTO courses available for additional GUS training include "Understanding the GUS Underwriting Findings Report" and "Importing a Loan into GUS."

For GUS ACCEPT files, only three items are required to be submitted to Rural Development:

- 1) Form RD 1980-21, "Request for Single Family Housing Loan Guarantee"
- 2) Appraisal
- 3) FEMA Flood Certification

For GUS REFER and REFER WITH CAUTION files, lenders are required to submit a fully documented file.

Reminder: Some components of underwriting are not considered in the GUS evaluation. Lenders are responsible for ensuring all requirements of RD Instruction 1980-D, supplemented by an Administrative Notice (AN) are met.

On July 2, 2008, GUS version 5.3.1 was released which streamlined application pages and replaced the full data collection pages. Only data that is required by GUS to render a recommendation or required by Rural Development will be collected. The streamlined pages will reduce data collection by approximately 40%.

Recent GUS Enhancements

On February 25, 2009, new import functionality was implemented 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 into GUS. The user guide is available online at: <https://usdalinc.sc.egov.usda.gov/USDALincTrainingResourceLib.asp>

Future enhancements to GUS include a broker access function so that brokers may enter data into GUS, receive a preliminary result with feedback, and then assign the application to an approved lender.

To learn more about GUS, see RD Administrative Notice No. 4423, or go to GUS Lender Overview Training which is available online at: <https://usdalinc.sc.egov.usda.gov/USDALincTrainingResourceLib.asp>

Approved lenders interested in becoming set up to use GUS in Louisiana should send an email to Scott Pousson at scott.pousson@la.usda.gov or call (318) 473-7630.



Benefits of using GUS

- Consistent and objective loan decisions nationwide
- Ease of use: simple and available 24 hours a day
- Increased credit quality of guaranteed loans
- Lower processing time and origination costs to lenders: GUS IS FREE
- Improved service to approved lenders, streamlined documentation options and faster turnaround times for conditional commitments
- Automated property and income eligibility determinations in seconds

Automated Underwriting Tool



Things to Know

Instructions, Forms, Procedure Notices

Rural Development (RD) Instructions, Forms, Procedure Notices (PNs), and Administrative Notices (ANs) can be viewed on the internet at: <http://www.rurdev.usda.gov/regs/>

The following Administrative Notices have been issued addressing GRH loan making and servicing issues: (Please see web site for entire Administrative Notice)

RD AN No. 4417 (1924-A) dated December 23, 2008, describes the effect of the Energy Independence and Security Act of 2007 on new manufactured homes.

RD AN No. 4422 (1980-D) dated March 26, 2009, updates the loss claim and recovery (future recovery and additional recovery) remittance procedures.

RD AN No. 4423 (1980-D) dated March 26, 2009, clarifies guidance on the availability and use of the GRH automated underwriting system, known as the Guaranteed Underwriting System (GUS).

RD AN No. 4424 (426.2) dated April 2, 2009, provides guidance on the use of the Federal Emergency Management Agency (FEMA) Form 81-93, "Standard Flood Hazard Determination."

Credit Waivers/Ratio Waivers

The 1008 Underwriting and Transmittal Summary is the ideal place to document credit waivers and ratio waivers for GRH loans. Required documentation of compensating factors and any other comments should be included in the "Underwriter Comments" section. The Louisiana Ratio Waiver form and a separate credit waiver form are no longer being used.

Maximum Allowed Interest Rate

Lenders may select the higher of the current 90-day Fannie Mae rate plus 60 basis points rounded up to the nearest quarter of one percent or the lender's published VA rate with not discount points.

Deferred Student Loans

Deferred student loans must be included in the debt ratio calculations regardless of deferment period. 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 applicant's payment letter or use the industry standard of estimating student loan payments as 1% of the loan balance.

Debts of an Ex-Spouse

Since Louisiana is a community property state, the debts of an ex-spouse do not have to be counted if a community property settlement has been recorded. If the applicant is moving to Louisiana from a non-community property state, procedural requirements must be followed.

Guarantee fee for purchase loans is 2.00 percent. The total amount of the guarantee fee may be tax deductible in the year the loan is closed. Consultation with a tax advisor is recommended.

Maximum Loan to Value Ratio (LTVR) for GRH purchase loans is 102 percent (if the entire guarantee fee is financed).

Refinance fee is 0.5 percent.

Thermal Performance Standards

The regulations regarding thermal performance standards for existing homes have been eliminated effective January 10, 2008. This change will not affect thermal standards for new construction, currently prescribed by locally adopted building and model energy codes.

Not sure if a property is in an eligible area?

Try out the Income and Property Eligibility website:

<http://eligibility.sc.egov.usda.gov>
It can also be used to calculate adjusted household income and compare it to current income limits.

Forms

To obtain forms, visit:
<http://www.sc.egov.usda.gov/>

Administrative Notices

To obtain a copy of Louisiana Administrative Notices (ANs), contact:
ross.maxwell@la.usda.gov.

Information

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HELPING PEOPLE HELPING COMMUNITIES
USDA Rural Development is committed to increasing economic opportunity in rural America, improving the quality of life in rural America, and being responsive to our customer's needs.

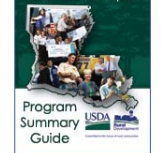
NEW!
Business Programs
RBEG, RBOS, REDLG, IRP, and VAPG
Fact Sheets, Checklists, and Forms

Single Family Housing
Direct Prequalification Forms and Information

Guaranteed Rural Housing Program Information
Click here for the latest news and information on USDA Rural Development's Guaranteed Rural Housing Program.

Program Information
NEW!

Program Summary Guide
2008 Annual Report
2008 Annual Report



Thank you for visiting our website.
Please take a moment to learn about our programs and how we help people in rural areas. Contact our offices if we can be of service to you.

Please visit Louisiana's Rural Development website:
<http://rurdev.usda.gov/la>

Check here for general program information, contacts, updates, and other valuable information on all USDA Rural Development programs in Louisiana.



USDA Rural Development Contacts

Print and Post in Your Office as a Handy Reference!

Ross Maxwell

SFH Guaranteed Housing Specialist
ross.maxwell@la.usda.gov

Brian Lewis

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Lora Ethridge

SFH Guaranteed Housing Specialist
lora.ethridge@la.usda.gov



**E-Mail Application Packages to
One of the Following Group
E-Mail Addresses:**

LA-RD-AREA1GRH@one.usda.gov

LA-RD-AREA2GRH@one.usda.gov

LA-RD-AREA3GRH@one.usda.gov

LA-RD-AREA4GRH@one.usda.gov

Alexandria Guaranteed Rural Housing Office

USDA Rural Development
3727 Government Street
Alexandria, Louisiana 71302

Telephone: (318) 473-7910 Fax: (318) 473-7829

This office serves all parishes in Louisiana.

Debbie Redfearn

Single Family Housing Program Director
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Scott Pousson

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<http://www.rurdev.usda.gov/la>

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