



## Service Members Civil Relief Act

Formerly known as: The Soldiers and Sailors Civil Relief Act

For many years the Service Members Civil Relief Act has been available to lenders for any mortgage loan. Service members who provide evidence of active duty status and request relief from lenders are entitled to the provisions of this act which include but are not limited to:

- Interest rate reduction to 6%
- Occupancy requirements are lifted
- Waiver of late fees
- Suspension of delinquency reports to credit bureaus
- Suspension of foreclosure proceedings/stay initiated until service member returns



## New Construction Spectacular!

Lenders who originate interim construction loans and are in need of affordable long term financing can consider Guaranteed loans as a viable option. Lenders will be required to retain evidence that the home was **built to certified plans and specs and construction inspections were performed throughout construction**. There is no need for prior review or approval of new construction documents by Rural Development. Below is an outline of the acceptable options lenders may use to document their files. Further detail can also be found in Administrative Notice (AN) 4313, located at [www.rurdev.usda.gov/regs](http://www.rurdev.usda.gov/regs). **A one year builder's warranty is required for all new construction projects, unless an approved ten year insured warranty is available.**

### **Certified Plans and Specs: Lenders may select one option**

1. Building permit issued by a local jurisdiction\*
2. Certificate of Occupancy issued by a local jurisdiction\*
3. Certification from qualified individual or organization (architect, engineer, code official, etc.) that states reviewed plans and specs comply with applicable development standards. RD Form 1924-25 "Plan Certification" may be utilized but is not mandatory.

### **Evidence of Construction Inspections: Lenders may select one option**

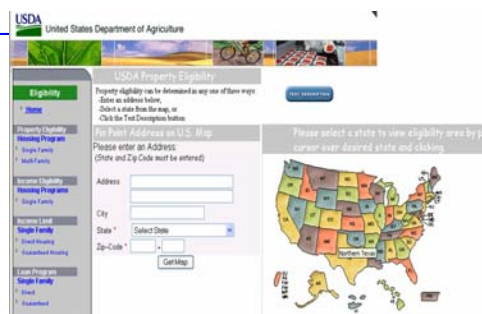
1. Certificate of Occupancy issued by a local jurisdiction\* that performs at least 3 construction inspections
2. Copies of 3 construction inspections:
  - A. Footings and foundation are ready to be poured, prior to back filling
  - B. Shell is complete but plumbing, electrical, and mechanical work are still exposed
  - C. Final inspection of completed work prior to occupancy (the appraisal may be submitted as evidence of final inspection)
3. Final Inspection and 10 year insured builder warranty plan acceptable to RD

\* If this method is used, the State Director must determine whether local communities or jurisdictions qualify to use this form of "acceptable evidence" under RD Instruction 1924-A, section 1924.5(f)(1)(iii)(C) (2).

## Online property eligibility reminder.

<http://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do>

When entering an exact address in the "Pin Point Address On U.S. Map" option, you may receive an "Unable to Determine" analysis. This does not mean the property is ineligible for Guaranteed financing. There are many reasons an address may not be located. Examples include: misspelled street, new construction address, website is offline, or perhaps the removal of "Street, Avenue, Lane" could make a difference. **The bottomline: Call your Rural Development office for assistance is locating the address before you assume it is ineligible.**



The screenshot shows the USDA Property Eligibility web application. It includes a header with the USDA logo and navigation tabs for 'Eligibility' and 'Map'. The main content area has a 'Pin Point Address On U.S. Map' section with input fields for 'Address', 'City', 'State', and 'Zip-Code', and a 'Get Map' button. To the right, there is a map of the United States with a legend for 'Please select a state to view eligibility areas by pin corner over colored state and clicking'. The 'Eligibility' section on the left lists various programs like 'Single Family' and 'Multi-Family'.



# Guaranteed Underwriting System Update: Quite a firecracker, GUS continues to impress!

GUS now boasts over 370 activated lenders, and over 170 in process! Once lenders have tasted the advantages of submitting Guaranteed loans through GUS for instant eligibility determinations and underwriting recommendations—they can not imagine doing business any other way!

Lenders who wish to sign up for GUS should contact Rural Development for more information. Lenders who are already utilizing GUS but need assistance with issues can contact the Centralized Help Desk at 1-800-457-3642 option 2, option 2. The Centralized Help Desk (CHD) can also be reached via email: [RD.HD@stl.usda.gov](mailto:RD.HD@stl.usda.gov). Please note that CHD does not work exclusively with GUS. They assist clients with over 40 USDA programs and technical applications. Lenders may also contact their local Rural Development offices for assistance.



*USDA Rural Development proudly salutes our Veterans and the brave men and women who serve our country. Thank you for your sacrifice, bravery, and dedication.*



## FIRE IT UP! It's Quiz Time!

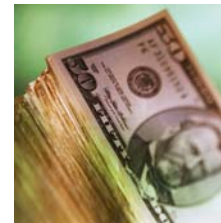
1. RD is responsible for identifying Guaranteed loans that qualify for the Service Members Civil Relief Act. True or False
2. Barry has applied for a Guaranteed loan. His ratios are 33/45, 680 FICO, 3 months reserves, Current rent \$850 Proposed PITI is \$1200 (41% payment increase). The underwriter has requested a ratio waiver due to the 680 FICO score. Is this acceptable?
3. Kevin is self employed and has applied for a Guaranteed loan. Where can lenders find additional guidance to supplement the 1980-D regulation for self employed applicants?
4. Lenders must order FHA appraisals completed by HUD roster appraisers for Guaranteed loans. True or False
5. Lenders must submit a certified copy of blue prints to RD for all new construction loans. True or False

1. False: It is the lender's responsibility to execute the Service Members Civil Relief Act.
2. YES: AN 4366 supports the debt ratio waiver request by the FICO alone because Barry does not have any additional risk layers.
3. AN 4367 addresses determining repayment income for self employed applicants.
4. False: HUD roster appraisers are one option available to lenders, and AN 4364 outlines additional options lenders may consider.
5. False: It is the lender's responsibility to retain proper documentation regarding new construction properties per AN 4313.

## Nationwide Guaranteed Loan Volume as of 5/31/08

**34,328 loans**      **Over \$3.77 billion obligated**

**Thank you to our lending and real estate professional partners who continue to support the Guaranteed Loan Program!**



**CONTACT RURAL DEVELOPMENT TODAY!**

