

RD AN No. 4422 (1980-D)
March 26, 2009

TO: All State Directors
Rural Development

ATTENTION: Rural Housing Program Directors,
Guaranteed Rural Housing Specialists,
Area Directors and Area Specialists

FROM: James C. Alsop (*Signed by James C. Alsop*)
Acting Administrator
Housing and Community Facilities Programs

SUBJECT: Single Family Housing Guaranteed Loan Program
Loss Claim and Future Recovery Processing

PURPOSE/INTENDED OUTCOME:

The purpose of this Administrative Notice (AN) is to update the loss claim and recovery (future recovery and additional recovery) remittance procedures.

COMPARISON WITH PREVIOUS AN:

This AN replaces RD AN No. 4326 (1980-D), dated January 9, 2008.

Attachments

EXPIRATION DATE:
March 31, 2010

FILING INSTRUCTIONS:
Preceding RD Instruction 1980-D

BACKGROUND:

As of December 31, 2006, the Rural Development staff located at the Centralized Servicing Center (CSC) in St. Louis, Missouri, reviewed all loss claims and supporting documentation, to determine whether the lender/servicer has performed an expeditious liquidation and that claimed expenses are reasonable and customary. Any reference to "Agency" can be interpreted to be the CSC and may include other Agency staff that may be involved in the claim payment process.

The basic loss claim calculation is the total debt owed to the lender/servicer less the security property sale proceeds. The total debt includes unpaid principal, authorized protective advances, interest accrued through the settlement date, foreclosure expenses, and real estate owned (REO) management and resale expenses. In order to have a loss claim based on actual REO expenses and sale proceeds, REO must be sold within six months of the acquisition date.

A loss claim on unsold REO is based on estimated net sale proceeds, using an estimated sale price and estimated REO expenses. For a claim calculation on unsold REO, the estimated sale price is based on a third-party liquidation value appraisal obtained by the Agency. A liquidation value is used because it takes into consideration the market pressures on a distressed property. This value is multiplied by a cost factor to estimate REO expenses. The cost factor, developed and updated periodically by the Veterans Administration (VA), is based on an average of VA acquired property operating expenses, selling expenses, and administrative expenses. The factor also takes into consideration the cost of repairs to bring the property to minimum property standards. For example, a loss claim based on an estimated sale price of \$76,500, multiplied by the current factor of 11.87 percent, reimburses the lender \$9,080.55, for estimated REO property management and disposition expenses.

Future recovery is owed when the actual sales price of the REO sold exceeds the estimated sales price in which the claim was based. Future recovery represents the difference between the estimate and actual sale price and is shared proportionately, based upon the payment of the loss claim, with the Agency and lender/servicer as outlined in RD Instruction 1980.377. Lender/servicers will provide payment of future recovery within 30 days of notification of future recovery due. Future recovery remains due for six years from notification of the demand from the Agency. Failure to provide payment to the Agency could result in offset of future loss claim payments.

Additional recovery is owed when any of the following situations occur: collection of a deficiency judgment; reimbursement of insurance premiums or property taxes; or, hazard insurance claim collections. Additional recovery may also be due under other situations as determined by the Agency.

IMPLEMENTATION RESPONSIBILITIES:

Automated Loss Claim/Future Recovery and/or Additional Recovery Processing Tools

The following is available to all lenders to assist in submitting loss claims, future/additional recovery:

- Exhibit A, *Single Family Housing Guaranteed Loan Program - Loss Claim, Future, and Additional Recovery User Guide, Version 4.1 (User Guide)*, provides detailed assistance in using the above Exhibits along with a glossary of terms.
- Exhibit B, *USDA Rural Development - Single Family Housing Guaranteed Loan Program - Loss Claim Checklist*, is provided to assist lenders in submitting all required information to prepare a loss claim.

- Exhibit C, USDA Rural Development - Single Family Housing Guaranteed Loan Program - *Automated Manual Loss Claim Input Worksheet*, assists lenders to calculate the amount of loss claim to be paid. The entry of data into this sheet automatically completes RD Form 1980-20, "Rural Housing Guarantee Report of Loss".
- Exhibit D, *Table to Determine the Number of Days between Any Two Given Dates, 365-day basis*
- Exhibit E, USDA Rural Development - Single Family Housing Guaranteed Loan Program - *Future Recovery Calculator*, is utilized by lenders to calculate the amount of Future Recovery due to the Agency.
- Exhibit F, USDA Rural Development – Single Family Housing Guaranteed Loan Program - *Additional Recovery Calculator (Post Sale)*

Lender/Servicer Loss Claim Processing Responsibilities

In accordance with the Section 1980.376(a) of RD Instruction 1980-D, the lender/servicer has 30 calendar days from the date of loan liquidation to submit the loss claim to the Agency. The Agency may pay accrued interest on the unpaid principal balance within the limits of the loan guarantee. Further, the Agency may pay additional interest within the limits of the guarantee, to the date the claim is paid if the lender/servicer files the claim timely and accurately. Unless both of these conditions are met, the Agency will curtail the additional interest to the date of loan liquidation. Timely is defined as the submission of a loss claim package to the Agency within 30 calendar days of loan liquidation as evidenced by the postmarked loss claim submission package. Accurately is defined as the submission of all required documents based on the lender/servicer loss claim processing status.

The type of liquidation method used by the lender/servicer defines the date of loan liquidation. For loans liquidated by foreclosure to a 3rd party, REO property sold *within the 6-month marketing period*, or short sale transactions, the liquidation date is as documented by the HUD-1 Settlement Statement or similar closing document. For REO *not sold within the 6-month marketing period*, the date of the claim is the expiration of the 6-month period or 30 days after if a sales contract was in place with approval by the Agency prior to the expiration of the 6-month timeframe.

Lender/servicers may submit claim requests prior to the expiration of the six month marketing period and before the REO is sold. Each case will be reviewed by the Agency on its individual merits for payment prior to the expiration of the 6-month marketing period. In cases approved, a liquidation value appraisal will be ordered by Rural Development from which to base the claim payment. The liquidation date in these cases will be the date Rural Development receives the loss claim.

The lender/servicer is allowed up to 6 months from the acquisition date to sell the REO property. The acquisition date is the date the lender/servicer acquires title to the property. Lenders must submit a loss claim within 30 calendar days of REO settlement as evidenced by the settlement statement, Block I of the HUD-1 Settlement Statement, or other documentation showing when funds were authorized for disbursement to the lender. An exception to this timeframe would be when a 30 day extension is granted by the Agency for a property under a sales contract.

For REO that remains unsold, a loss claim must be filed within 30 calendar days of reaching the end of the 6 month marketing period. When submitting an estimated loss claim calculation on unsold REO, the lender/servicer and Agency staff should use the Exhibit B and the estimated sale price, which is based on a third-party liquidation value appraisal obtained by the Agency. This appraised value is multiplied by a cost factor, established by the Department of Veteran's Affairs, to estimate REO expenses as noted in the "Background" section of this AN.

Lenders/Servicer Loss Claim Processing Categories

The Agency has three categories of lenders/servicers for claim processing: manual, conditionally approved, and fully approved. Instructions for submitting loss claims for these designations are listed below. The Agency is working through a phased-in approach, with select lender/servicers and intensive monitoring, to enable filing of loss claims via the Internet. Automated loss claim filing enables enhanced claim processing speed and uniformity. Systematic threshold edits review data entered in all data fields. Claims with data elements outside established parameters are subject to monitoring and manual review.

Lenders/Servicers Designated for Manual Claim Processing

Lenders/Servicers designated for manual processing status will use Exhibit B, Exhibit C, and Exhibit D to help organize and prepare information provided to the Agency in support of loss claims. The Agency should provide the following updated attachments, along with the electronic versions, to the servicing and claims department of lender/servicers.

In addition to the documentation listed in Exhibit B, the lender must submit an original executed Form RD 1980-20.

To be eligible for payment of additional interest, lender/servicer must submit the loss claim package to the Agency within 30 calendar days of loan liquidation as evidenced by the postmarked loss claim submission package. All of the above forms and supporting documentation must be submitted together to the Agency in order to be considered accurate. As previously noted, in accordance with the regulations at Section 1980.376(a) of RD Instruction 1980-D, additional interest will be curtailed to the loan liquidation date unless the claim is submitted promptly (timely) and properly (accurately) and in accordance with the loan guarantee.

Lenders/Servicers Designated for Automated Claim Processing

The Agency completes an approval process involving Guaranteed Loan System (GLS) security clearance (eAuthentication Level 2 account), training and monitoring of claim files during the Conditional Approval stage, before a lender/servicer receives written authority as fully approved for automated claim processing.

(1) Conditionally Approved for Automated Claim Processing

To request a loss claim reimbursement, the conditionally approved automated processing lender/servicer must submit to the Agency, all supporting documentation noted on the Exhibit B excluding the Exhibit C and the original executed Form RD 1980-20 as outlined in Addendum E to their Basic Trading Partner Agreement. When a lender/servicer has put into operation loss claim processing and future recovery processing via the Internet, the manual steps described within this AN will no longer be applicable unless a manual-processing environment is required.

Conditionally approved automated processing lender/servicers must file the loss claim via the Internet within 30 days of receipt of the liquidation value appraisal amount from the Agency for the claim submission to be considered timely. The supporting documentation listed on the Exhibit B must be postmarked within 30 days of loan liquidation in order for the claim to be considered an accurate submission. As previously noted, additional interest will be curtailed to the date of loan liquidation if the conditionally approved automated processing lender/servicer fails to file the claim timely and accurately.

(2) Fully Approved for Automated Claim Processing

Fully automated lender/servicers must file the loss claim via the Internet within 30 days of loan liquidation for the claim submission to be considered timely. Lender/servicers that are fully approved for automated claim processing do not submit all supporting documentation with the electronic claim filing as listed in the Exhibit B as outlined in Addendum E of their Basic Trading Partner Agreement. Rather, these institutions submit the supporting documentation requested through the GLS edit code electronic response. Requested edit code documentation must be received by the Agency via fax, e-mail or mail postmarked, within 30 days of loan liquidation. As previously noted, additional interest will be curtailed to the date of loan liquidation if the automated processing lender/servicer fails to file the claim timely and accurately. When a lender/servicer has put into operation loss claim processing and future recovery processing via the Internet, the manual steps described within this AN will no longer be applicable unless a manual-processing environment is required.

Since fully approved automated lenders/servicers do not submit all supporting documentation noted in the Exhibit B at the time of claim filing, their claim files are also monitored by the Agency using a post-payment Quality Control (QC) review process. If a claim selected for the quarterly QC review is found to have data integrity issues that caused the claim to be considered inaccurate and/or not timely filed, a request to the lender/servicer will be made for a refund of the additional interest paid.

Agency Staff Manual or Automated Loss Claim Responsibilities

To process a loss claim upon receipt from the lender/servicer, the Agency will ensure that the appropriate forms and supporting documentation are submitted timely and accurately, according to the lender/servicer's processing status (i.e. manual processing or automated processing). If the Agency's review identifies issues or areas of concern or uncertainty, additional documentation may be requested of the lender/servicer beyond what is contained in the Exhibit B. In those cases, the lender/servicer has 15 business days, or agreed, to provide the requested documents to the Agency. If received timely and accurately, the Agency may agree to authorize additional interest through the claim payment date. If the requested material is not submitted within the 15 days and/or is not accurate and complete, the Agency may approve additional interest from the date of loan liquidation to the date of the request for additional documentation. Timely and accurately submitted claims will be paid by the Agency within 60 days of submission by the lender.

The Agency approval official must notify the lender/servicer in writing of their decision on the lender/servicer's loss claim request whether it is filed manually or via automated processing. Any reduction or denial to the lender/servicer's loss claim must be fully documented including an analysis of how the amount of the reduction was determined. A connection must be made between the lender/servicer's action or failure to act and the loss amount on the loan. The amount of loss occasioned by such action will be established. If a lender/servicer's loss claim is denied or reduced, the Agency approval official will notify the lender/servicer of all reasons for the action and provide the lender/servicer with the opportunity to appeal the decision as set forth in Section 1980.399 of RD Instruction 1980-D and RD Instruction 1900-B.

Agency staff will maintain in the borrower case file, a completed Exhibit C and Form RD 1980-20 (signed by the manual processing lender/servicer and a Rural Development Approving Official), along with all supporting documentation provided by the lender/servicer for 7 years. These files must be labeled, "Loss to the Government," and retained in accordance with RD Instruction 2033-A.

Agency Staff Manual or Automated Loss Claim Responsibilities for Loss Mitigation Incentive

All lender/servicers that have received prior approval from the Agency for either a pre-foreclosure sale or a deed-in-lieu of foreclosure on a SFHGLP loan will receive a one time loss mitigation incentive at the time of loss claim filing. The incentive will be included in the loss claim reimbursement amount received by the lender/servicer. The following loss mitigation incentive amounts will be paid to lender/servicers on closed pre-foreclosure sales and deeds-in-lieu of foreclosure:

Pre-foreclosure Incentive: \$1,000.00

Deed-In-Lieu of Foreclosure Incentive: \$250.00

Agency staff will review the submitted file for evidence that either type of loss mitigation option is allowable as outlined in Exhibit B.

Lender/Servicer Future and/or Additional Recovery Processing Responsibilities

Lenders/servicers will report within 30 days the sale of REO property. Lenders/servicers designated for manual processing will submit the Exhibit D along with the HUD-1 to the Agency for processing. Automated claim processing lender/servicers complete the form via their Internet access to the GLS with a copy of the HUD-1 Settlement Statement provided to the Agency.

When the lender/servicer reports an actual sale price that results in future recovery, the lender/servicer may document and deduct certain REO costs that were not considered in the original claim. The combined deduction cannot exceed the difference between the liquidation appraised value (used for the original claim) and the amount for which it was sold (the actual contract sale price). The following items may be deducted from future recovery of sale proceeds:

- Costs of capital improvements that directly resulted in an increased sale price. These additional cost allowances are not for routine repairs made subsequent to the claim settlement or improvements that are already considered in the appraised value used for the claim.
- Additional real estate commission based on the difference between the actual contract sale price and the estimated sale price used for the claim.
- Additional seller concessions that directly resulted in an increased sale price. This additional allowance is only for seller concessions that are above what is typical and customary for the area and was offset by an increased sale price.

Lender/servicers must submit payment for Future Recovery within 30 days of notification by the Agency. Failure to provide payment to the Agency could result in offset of future loss claim payments.

Additional recovery is defined as but not limited to: collection of a deficiency judgment; reimbursement of insurance premiums or property taxes; or hazard insurance claim collections. Additional recovery must be reported to the Agency within 30 days of collection of funds. A worksheet labeled Exhibit E is utilized by manual processing lender/servicers to report this type of

recovery to the Agency. Automated claim processing lender/servicers complete the form via their Internet access to the GLS. Lender/servicers must submit any payment for Additional Recovery within 30 days of notification by the Agency.

Agency Staff Future and/or Additional Recovery Processing Responsibilities

Upon receipt of the future recovery package, the Agency staff will input and /or review the information in GLS for claims based upon an estimated net recovery, under the Loss Claim Administration menu, Add Recovery Calculator.

The Agency will approve and notify the Lender/Servicer of any future/additional recovery due to Rural Development. When the payment is received, the Agency will deposit and process the collection in GLS.

The following procedures supplement the regulation presently in place:

1. When a claim based upon a liquidation value is paid, advise the lender/servicer, or payee, as appropriate, of the following: (a) the liquidation appraised value used to calculate the claim; (b) that the lender must report the sale of REO within 30 days of the settlement date; (c) that future recovery may be due if the actual sale price exceeds the liquidation appraised value; (d) when and how to report the sale of REO and future recovery of sale proceeds; and, (e) the consequences of failure to report future recoveries (additional monitoring and possible termination of lender eligibility).
2. Through the use of GLSFH18, "Future Recovery Report", flag claims that were paid based on estimated sale proceeds and contact the lender/servicer 90 days later to inquire about the REO status if the actual sale information has not been received. Request the lender/servicer to submit a HUD-1, Settlement Statement, or similar document as verification of the sale amount. Continual follow-up every 90 days should persist until the sale information is received.
3. When a lender/servicer reports the REO as sold, the Agency will update tracking records in GLS, under the *Loss Claim Administration* menu, *Loss Claim Update*, *Add Recovery Calculator*. This process is **applicable to all claims** paid based upon a liquidation value appraisal, regardless if future recovery is due.
4. For Nationally-approved lenders/servicers, report non-compliance with requests for sale information or payment of future recovery to the National Office, SFHGLD.
5. Review compliance with future recovery provisions in conjunction with lender monitoring reviews under RD Instruction 1980-D, Section 1980.309(g). The National Office is responsible for Nationally-approved lender/servicer monitoring. State Offices are responsible for State-approved lender/servicer monitoring.

The Exhibit C, Exhibit E, and Exhibit F are in a Microsoft Excel 2000 Template with the file name of RD Loss V4.1.xlt. The User Guide is a Microsoft Word document with a file name of Loss Claim User Guide V4.1.doc. This Loss Claim Input Worksheet, Future Recovery Calculator, Additional Recovery Calculator and User Guide, may be distributed to all lender/servicers. For lender/servicers without Microsoft Excel, Rural Development staff can print and distribute the Manual Loss Claim Input Worksheet and the manual Form RD 1980-20, which are also included in the RD Loss V4.1.xlt Microsoft Excel workbook. The Loss Claim Input Worksheet, Future Recovery Calculator,

Additional Recovery Calculator and User Guide will be distributed via e-mail to each State Office upon issuance of this AN and can also be obtained by contacting Michelle Corridon at michelle.corridon@wdc.usda.gov, Debbie Terrell at debra.terrell@wdc.usda.gov, or Susanne Wilson at susanne.wilson@wdc.usda.gov.

Lender/servicer loss claim training can be found at [USDA LINC Training and Resource](#) library.

Questions regarding this AN can be directed to Michelle Corridon at (804) 287-1595, Debbie Terrell at (918) 534-3254, or Susanne Wilson at (202) 720-9705 in the Single Family Housing Guaranteed Loan Division.

EXHIBIT A



Committed to the future of rural communities.

SINGLE FAMILY HOUSING GUARANTEED LOAN PROGRAM

LOSS CLAIM, FUTURE and ADDITIONAL RECOVERY USER GUIDE V 4.1

Version 4.1

Introduction

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Part II Calculation of Accrued Interest

Part III Foreclosure Protective Advances Paid Prior to Settlement Date

Part IV Expenses Associated with Property Acquisition, Holding, and/or Sale

Part V Buydown

Part VI Estimated Net Recovery (ENR) Calculation for Unsold REO

Printing and Submitting the Loss Claim Input Worksheet

FUTURE RECOVERY CALCULATOR

Starting Point

ADDITIONAL RECOVERY CALCULATOR

Starting Point

Printing and Mailing the Future or Additional Recovery Calculator

Introduction

The *Single Family Housing Guaranteed Loan Loss Claim, Future Recovery User Guide; v 4.1* (herein called the *Guide*) provides comprehensive instructions for the Single Family Housing Guaranteed Loan Program (SFHGLP) Loss Claim Input, Future and Additional Recovery Worksheets. These worksheets are for use by Approved lender/servicers to prepare and submit requests for loss claim payment or the remittance of future and/or additional recovery owed the Agency.

The Excel workbook includes:

- Exhibit B, SFHGLP Loss Claim Checklist and Exhibit C Loss Claim Input Worksheet which upon completion pre-fills Form RD 1980-20 “*Rural Housing Guarantee Report of Loss*”.
- Exhibit E, *Future Recovery Calculator* worksheet which is utilized to report the sale of Real Estate Owned (REO) for claims based upon an Estimated Net Recovery Value loss claim. Based on the calculations contained in the worksheet, a determination will be made on any recovery due the Agency. These calculations include an allowance for certain capital improvements, seller concessions incurred by the lender/servicer which resulted in an increased sales price, allowance for real estate commissions based on the liquidation value appraisal and the actual sales price of the Real Estate Owned (REO).
- An *Additional Recovery Calculator*, Exhibit F, has been added to this release for capturing and reporting any additional recovery (such as an insurance refund) by lender/servicer lender occurring after payment of the initial loss payment.
- A manual *Loss Claim Input Worksheet* and *Form RD 1980-20* is also included for lender/servicers not able to use the Excel technology. However, we encourage lender/servicers to use the given technology to simplify the process and eliminate the potential for any human error.
- Exhibit D *Table to Determine the Number of Days between Any Two Given Dates, 365-Day Basis*, is included to determine the calculation of interest accrual between two given dates. Please note that The Agency no longer allows the calculation of loss payments on a 360-day basis.

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Advantages of the Automated SFHGLP Loss Claim Process

- *User-friendly* template which allows an organized and systematic template.
- *Automated computations* which eliminates/reduces the possibility of human error. Additionally, based on the type of claim submitted, the spreadsheet leads the user to the proper fields for completion.
- “*Warning*” messages built in to assist the user enter the correct variable in the proper section of the form and alert the user when a loss exceeds the 90 percent limit or when there is no loss. Additional help messages are available from comment boxes when the user clicks of the small red triangle in the field.
- *Detailed Information* is in the Additional Bankruptcy Worksheet to assist the user to correctly calculate a loss when more than one bankruptcy has occurred.
- *Systematic method* for lender/servicers to report the sale of REO for claims paid based upon an estimated sales price through use of the enhanced *Future Recovery Calculator*.
- *Improved* method of reporting and calculating Future Recovery after payment of the initial loss claim through the use of the *Additional Recovery Calculator*.

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Helpful Hints

⇒ The workbook (*RD Loss V4.1.XLT*) contains multiple worksheets. Scroll over the nine tabs along the bottom of the spreadsheet and click on the tab that you would like to open when processing a loss claim, reporting the sale of REO based upon an estimated net recovery claim or reporting other recovery collected beyond payment of the primary and/or secondary claim payment. The User Guide includes the following worksheets:

- *SFHGLP Loss Claim Checklist*
- *SFHGLP Loss Claim Input Worksheet*
- *Additional Bankruptcy Worksheet*
- *Automated Form RD 1980-20, "Rural Housing Guarantee Report of Loss"*
- *Future Recovery Calculator*
- *Other Recovery Calculator (Post Sale)*
- *Manual SFHGLP Loss Input Worksheet*
- *Manual Form RD 1980-20, "Rural Housing Guarantee Report of Loss"*
- *Table 365*

Note: To find all of the worksheets, use the scroll bar arrows located to the left of the worksheet tabs.

⇒ The ***SFHGLP Loss Claim Input Worksheet*** is the primary worksheet used to complete a loss claim. The data collected and input will pre-fill the entire automated Form RD 1980-20 worksheet and calculate the estimated loss payment due

⇒ Row references provide the actual row number in the spreadsheet and are located on the left of your spreadsheet screen. Row references are cross-referenced in the succeeding parts of this guide describing data entry requirements.

⇒ The worksheets and documents are securely protected allowing the user in specific fields only.

⇒ For flexibility, a user may move through the application, by utilizing either the *Tab* or *Enter* key. Either key stroke will automatically take you to the next input cell.

⇒ For the benefit of the user, all cells are formatted and designed to reduce data entry keystrokes. For example, do not enter dollar signs (\$) or commas; simply enter decimal figures such as 9003.57 for \$9,003.57.

⇒ All computations are automated.

⇒ An Asterisk * indicates fields that are auto-populated and are automatically calculated.

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Glossary of Terms

Acquired Property: A property owned by the lender/servicer as a result of a foreclosure or an acceptance of a deed-in-lieu, which is often referred to as “real estate owned (REO)”.

Acquisition Date: Date that the

- foreclosure sold, or
- title lawfully transferred to the lender/servicer, or deed-in-lieu recordation.

Additional Interest: The amount of interest accrued on the amount of the principal loss between the settlement date and the loss claim check date on a properly filed claim.

Additional Recovery: Is any proceeds recovered by the lender/servicer occurring after

- A previously paid loss payment, or
- Report of Real Estate Owned (REO) sale

Additional recovery is to be reported to the Agency through use of the *Additional Recovery Calculator*.

Examples: Examples of additional recovery include

- A trailing insurance refund, and/or
- Collection of a deficiency judgment, or similar proceeds

Agency: Refers to the Rural Housing Service (or its successor agency) within the Rural Development mission area of the U.S. Department of Agriculture (USDA) that administers the Single Family Guaranteed Rural Housing Program, formerly the Rural Housing and Community Development Service, a successor agency to the Farmers Home Administration

Appraisal: An opinion or estimate of value. Also refers to the process by which a value estimate is obtained.

Appraised Value: Is an opinion of value reached by an appraiser based upon:

- Knowledge
- Experience, and
- A study of pertinent data

Appraiser: A person qualified by education, training and experience to estimate the value of real and personal property.

Arms Length Transaction: A proceeding where the agents involved deal completely with each other as strangers and do not collude.

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Glossary of Terms (Continued)

Attorney Fees: Are actual fees incurred associated with the most recent liquidation action. The following conditions apply to attorney fees, namely:

- They do not include costs
- The maximum claimable expense varies from State to State, and
- They are applicable to foreclosure and bankruptcy

Attorney Costs: Are actual costs incurred associated with the most recent liquidation action. The following conditions apply to attorney costs, namely they:

- Do not include attorney fees, and
- Are applicable to foreclosure and bankruptcy

Automatic Stay: Is a provision of the Federal Bankruptcy Code that stops any act that can be construed to be an act against the interests of the debtor or the debtor's property.

Bankrupt: Refers to person, firm or corporation who, through a court proceeding, is relieved from the payment of all debts after the surrender of all assets to a court-appointed trustee, for the protection of creditors. Bankruptcy may be declared under one of several chapters of the Federal bankruptcy code, namely:

- Chapter 7-which covers individual or business bankruptcy liquidation;
- Chapter 11-which covers reorganization of bankrupt businesses;
- Chapter 12-which covers certain farm bankruptcies; and,
- Chapter 13-which covers workouts of debts by individuals in which a debtor retains possession of property while making payments to creditors under a court approved plan.

Bankruptcy Discharge: Is a legal petition releasing the debtor from all dischargeable debts.

Bankruptcy Dismissal: Is a legal order as a result of a motion filed by with the debtor or another interested party seeking to dismiss the bankruptcy case.

Broker Price Opinion (BPO) or Broker Opinion of Value (BOV): Is used to estimate the value of a property based upon a comparison to other similar properties recently sold. It is also know as a comparative market analysis.

Capital Improvement/Expenditure: Any improvement that extends the life or increases the value of a piece of property. Examples of eligible costs include, but are not limited to: full roof replacements; new fences; new decks; and, replacement of aged heating system. Ineligible costs are those expenses already considered in the Acquisition/Management Factor in the calculation of the original loss payment. Examples of ineligible costs include: additional interest; taxes; insurance; closing fees; appraisals; inspections; winterization; lawn care; pest inspections; etc. Seek Agency guidance if you have questions regarding eligible and ineligible expenses in this category.

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Glossary of Terms (Continued)

Closing Costs: Are costs incurred by buyers and seller to affect the closing of a mortgage loan.

Closing Date: In real estate, refers to the delivery of a deed, financial adjustments, the signing of notes and the disbursement of funds necessary to consummate a sale or loan transaction.

Concessions: Is anything of value added to the transaction by the seller, builder, developer, salesperson or any interested party. A concession may also include any closing costs that would normally be paid by the buyer. See also “seller concessions.”

Confirmation Hearing (bankruptcy): A hearing where the Debtors proposed Chapter 13 plan is reviewed and either approved or denied by the Bankruptcy judge.

Confirmation Hearing (foreclosure): Is a hearing where the Sheriff’s Sale is confirmed and title is transferred to the successful bidder from the sale.

Debt Collection Improvement Act (DCIA): Centralized the government-wide collection of delinquent debt. The Financial Management Service (FMS) is the US Treasury agency responsible for implementation of the debt collection provisions of the DCIA.

Deed-in-Lieu (DIL): A voluntary transfer of title on a defaulted mortgage by deed from the borrower to the lender/servicer as an alternative to foreclosure. By arrangement between the parties, the lender/servicer saves the expense of foreclosure and the borrower generally expects to receive credit for payment of the debt in full.

Deficiency: The difference between the balance outstanding on a loan and proceeds from the sale of the loan collateral.

Deficiency Judgement: A court order to pay the balance owed on a loan if the proceeds from the sale of the security are insufficient to pay off the loan.

Due Date of Last Paid Installment (DDLPI): Is the due date of the last fully paid installment of principal, interest and escrow (if any), not the date on which such payment was credited or the date of the next scheduled installment.

Escrow Account Balance: The balance of the escrow account as of the application of the last borrower payment.

Estimated Net Recovery (ENR): The figure used by Rural Development to settle a loss claim on an unsold REO. A lender/servicer ENR is based on a liquidation value appraisal to which is applied the current REO cost factor to estimate REO expenses to be deducted.

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Glossary of Terms (Continued)

Eviction Action: Is a court action to obtain possession of premises by the person entitled to actual possession. It may also be known as forcible entry and detain (FED).

First Legal Action: The date of first action required by law to initiate foreclosure. Action varies by State.

Foreclosure: A legal procedure in which a mortgaged property is sold to pay the outstanding debt in case of default.

Foreclosure Initiation: The date of the first legal action required by law to initiate foreclosure. Timing of this action varies according to State law.

Foreclosure Sale: Is a forced sale of mortgaged property at public auction conducted either by the court or in some other prescribed fashion with the proceeds of the sale going to satisfy the debt. The lender/servicer is usually the successful bidder at the foreclosure at the foreclosure sale.

Future Recovery: Is the recovery of additional funds to be applied to the REO account subsequent to the settlement of the original loss claim payment.

- Report future recovery after the sale of the REO by utilizing the Future Recovery Calculator
- Report other recovery using the Additional Recovery (Post Sale) Calculator

Guaranteed Loan System (GLS): Is the currently used automated loan accounting system for SFHGLP loans.

Hazard: Is a definition of the condition of the property that jeopardizes the health or safety of the occupants or members of the community. A property defined as a hazard does not necessarily make it unfit for habitation.

Hazard Insurance: Is the insurance coverage that provides compensation to the insured in case of property loss or damage.

HUD-1 Settlement Statement: Is a loan closing document, listing

- funds paid by the Buyer and Seller,
- the distributions of those funds, and
- the remaining cash that should go to the seller

The settlement statement refers to the Buyer as the "Borrower" because the Buyer is the one taking out a real estate mortgage.

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Glossary of Terms (Continued)

Liquidation: Of the loan occurs when

- The lender/servicer acquires title to the security
- A third party buys the property at the foreclosure sale, or
- The borrower sells the property to a third party in order to avoid or cure a default situation with the prior approval of the lender/servicer and RHS

Liquidation Value: The most probable price which a specified interest in real property is likely to bring under all of the following conditions:

- Consummation of a sale will occur within a severely limited future marketing period specified by the client.
- Actual market conditions are those currently obtaining for the property interest appraised.
- The buyer is acting prudently and knowledgeably.
- The seller is under extreme compulsion to sell.
- The buyer is typically motivated.
- The buyer is acting in what he or she considers his or her best interests
- A limited marketing effort and time will be allowed for the completion of a sale.
- Payment will be made in cash in U.S. dollars or in terms of financial arrangements comparable thereto.
- The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.
- This definition can be modified to provide for valuation with specified financing terms.

Loss Claim: The method by which the Agency provides reimbursement to a lender/servicer who has fulfilled all program requirements but who has incurred a loss on a guaranteed loan.

Loss Mitigation: Refers to a lender/servicer efforts with a borrower to

- Work out a delinquency, or
- Resolve a defaulted loan to maximize recovery and avoid foreclosure

Loss mitigation actions may include extension of loan terms, forbearance, moratorium, modification, refinancing, short sale or deed-in-lieu.

Maintenance Costs: Recurring fees (i.e. yard maintenance) associated with holding custodial or REO property.

Market Value: The most probable price that a property should bring after reasonable exposure in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably.

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Glossary of Terms (Continued)

Motion Requesting Relief from Stay: A pleading filed in a bankruptcy case wherein the creditor requests that its collateral be removed from the automatic stay imposed by the bankruptcy filing.

NAD: See "National Appeals Division."

National Appeals Division (NAD): Is the organization within the United States Department of Agriculture that is responsible for the Department's administrative appeals procedures for lender/servicer who desire to appeal an adverse decision made by the Agency.

Net Recovery Value: The market value of the security property minus

- anticipated expenses of liquidation,
- acquisition, and
- sale as determined by the Agency

Other Recovery: The recovery (return of funds, refund, etc.) of funds not previously reported in the primary claim or report of REO sale.

Examples may include

- a delayed payment on an insurance refund,
- collection of a deficiency judgment or
- similar proceeds recovered. See also additional recovery.

Pre-Foreclosure Sale: Is a procedure to avoid foreclosing on the property, in which

- The borrower is allowed to sell his or her property, and
- The investor and borrower agree to accept the proceeds of the sale to satisfy a defaulted mortgage

The proceeds of the sale in a Pre-Foreclosure may be less than the amount owed on the mortgage.

Preservation Cost: One time costs associated with securing and preserving a custodial or REO property.

Examples of preservation costs include

- Changing locks
- Debris removal, or
- Winterization

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Glossary of Terms (Continued)

Protective Advance: Is an advance of funds by a lender/servicer for an emergency expense necessary to preserve or protect the physical security for the loan.

Examples of protective advances include

- Escrow advances for hazard or force-placed insurance, or,
- Real estate property taxes

For the purposes of loss claim filing, advances may be claimed under liquidation or REO pending.

Real Estate Owned (REO): Denotes real estate that has been acquired by a lending institution for investment or through foreclosure of mortgage loans. It is also called Owned Real Estate (ORE).

Redemption Right: See right of redemption.

Referral Fees: A portion of the commission paid to some servicers in return for referring properties to a certain broker.

Referral fees from the broker, returning a portion of the commission to the lender/servicer are to be treated as "other recovery."

Relief from Automatic Stay: A legal action permitting a lender/servicer to resume action to collect on the debt.

REO: See "Real Estate Owned."

REO Cost Factor: A percentage which, when applied to a property appraised value, is intended to result in an estimate of the total cost of gaining possession, managing and disposing of an acquired property. It is published in the Federal Register by VA and it represents the average VA operating expenses incurred for acquired properties, including property taxes, assessments, liens, property maintenance, property improvement, administration and resale. For the purposes of this estimate, property improvement is defined as any repair that must be completed to satisfy minimum property requirements for existing construction. Selling expenses include sale commissions plus any other costs incurred in connection with the sale of the property. Prescribed in RD Instruction 1980-D, section 1980.376(a)(1)(ii) and Exhibit D.

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Glossary of Terms (Continued)

Right of Redemption: In some states, a right permitting the mortgagor to reclaim foreclosed property by making full payment of the foreclosure sales price.

- The right of redemption exists for a specified period of time, called the "redemption period", State statutes may provide for a waiver of redemption rights or an REO sale subject to redemption rights.

Sales Expenses: Various fees paid by the seller at the time of real estate closing. See "closing costs." Sales expense represents the total reduction due seller from the HUD-1.

Sales Price: Amount REO property sold to third party. Shown as "Contract Price" on the HUD-1.

Seller Concessions: Sales concessions influence the price paid for real estate. Sales concessions may be in the form of loan discount points, loan origination fees, interest rate buy downs, closing cost assistance, payment of condominium fees, builder incentives, down payment assistance, repairs or repair credits.

Settlement Date: The REO sold date establishes the Settlement Date for loss claims processed. The settlement date can also be

- The foreclosure sale date, for properties sold to third parties
- The short sale date, or;
- The marketing period expiration or extension date.

Sheriff's Sale: The public auction at which the property being foreclosed is offered for sale.

Short Sale: Occurs when the lender/servicer releases its collateral interest for less than the indebtedness to accommodate a sale of the property to a third-party buyer.

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SFHGLP LOSS CLAIM INPUT WORKSHEET

Starting Point

File Name: RD Loss V4.1.XLT

To begin completing a loss claim, open the file *RD Loss V4.1.XLT* (a Microsoft Excel 2000 workbook template). The SFHGLP Loss Claim Checklist appears. The checklist should be used as a guide of forms and documentation required for the loss claim process. To begin the loss claim process, click on the ***SFHGLP Loss Claim Input Worksheet*** tab. Your cursor should be in data field (Row 6, Column A) under the heading Part I, *General Information*. Field locations (row numbers) are listed below and refer to the location in the spreadsheet that corresponds to the information that the user should enter, when applicable. Cells that are automated are so noted.

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Part I General Information

<u>Field</u>	<u>Enter/Input</u>
6	Borrower Social Security Number without hyphens (i.e., 241712345 will be displayed as 241-71-2345)
7	Servicer Loan Number
8	Borrower Name (last name, first name, middle initial)
9	Co-borrower Social Security Number (SSN) without hyphens
10	Co-borrower Name (last name, first name, middle initial)
11	Borrower's Last Known Mailing Address
12	City, State and Zip Code
13	Borrower's last known telephone number
14	Name of the lender/servicer's Loss Claim Contact Person (claims specialist/processor for the servicer or holder)
15	Telephone number of the lender/servicer's Loss Claim Contact Person (10-digit number)
16	Fax telephone number of the lender/servicer's Contact Person (10-digit number)
17	E-mail address of the lender/servicer's Loss Claim Contact Person
18	Servicing lender/servicer ID Number (9-digit Tax ID number without hyphens (i.e., enter 123456789)).
19	Servicing lender/servicer Branch Number (3-digit Rural Development assigned branch number for the lender/servicer)
20	Servicing lender/servicer Name
21	Holding lender/servicer ID Number (9-digit Tax ID number without hyphens (i.e., enter 123456789)).
22	Holding lender/servicer Branch Number (3-digit Rural Development assigned branch number for the lender/servicer)
23	Holding lender/servicer Name
24	Holding lender/servicer Address
25	Holding lender/servicer City, State and Zip Code
26	Recipient (Payee) of Loss Claim Payment (Use the drop down list to select the Payee and you must complete field 20 and field 23 to populate the dropdown)
27	Report Type Code (Select response from the drop down list. The default is "2-Final Loss").
28	Original Loan Amount on which the loan guarantee was based
29	Modified Loan Amount, applicable only when original loan amount, was modified

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Loss Claim Input Worksheet (Continued)

Part I General Information (continued)

<u>Field</u>	<u>Enter/Input</u>
30	Escrow Balance as of the application of Last Borrower Payment
31	Other Recovery (i.e., Insurance Loss, Judgment Collection, interest on escrow, pro-rated real-estate taxes, etc.)
32	Cost of Collection of "Other Recovery" listed above. Cost of collection may not exceed other recovery. Documentation for cost of collection must be provided.
33	Method of Liquidation <i>Note: Select one from the drop down list: Foreclosure, Deed-in-Lieu, Short Sale, or Foreclosure/3rd Party</i>
34	Original List Price
35	Original List Date (mm/dd/yyyy)
36	Final List Price
37	Final List Date (mm/dd/yyyy)
38	Amount Property Sold For (completed when REO property is sold to third party or short sales)

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Loss Claim Input Worksheet (Continued)

Part II Calculation of Accrued Interest

<u>Field</u>	<u>Enter/Input</u>										
42	Unpaid principal balance of the loan (not including interest, protective advances or late charges)										
43	Current Note Interest Rate (decimal format, i.e. 10.25, 7.875)										
44*	* Daily Interest Accrual										
45	Due Date (mm/dd/yyyy) of the Last Borrower Payment Made (Date Interest Paid Through)										
46	Date of Foreclosure Initiation, if applicable. This field is required for foreclosure and foreclosure to third-party liquidation methods and is the date of the first legal action required by law to initiate foreclosure. This date is State specific.										
47	Date of Foreclosure Sale or Deed-in-Lieu (DIL) execution (do not include post-sale redemption or sale confirmation period)										
48	Date of Redemption Period Expiration, if applicable or confirmation date. Confirmation date is the date legal title to property confirmed. Redemption date required for properties in states with redemption rights.										
49	Number of Bankruptcy(s) Filed										
50	Date(s) Bankruptcy Filed, if applicable. If borrower has more than one bankruptcy then utilize the <i>Additional Bankruptcy Worksheet</i> . You may then input all additional bankruptcies. Single click on the gray button located to the right of Row 49. Then input up to three <i>Additional Bankruptcies</i> , as follows: <table border="0" style="margin-left: 40px;"> <tr> <td>Row 8</td> <td>Date Bankruptcy was filed, if applicable</td> </tr> <tr> <td>Row 9</td> <td>Bankruptcy Chapter</td> </tr> <tr> <td>Row 10</td> <td>Bankruptcy Case Number</td> </tr> <tr> <td>Row 11</td> <td>Due Date of Last Payment Made Prior to Bankruptcy</td> </tr> <tr> <td>Row 12</td> <td>Date Bankruptcy Released, (Dismissal/ Relief from Stay) if applicable</td> </tr> </table>	Row 8	Date Bankruptcy was filed, if applicable	Row 9	Bankruptcy Chapter	Row 10	Bankruptcy Case Number	Row 11	Due Date of Last Payment Made Prior to Bankruptcy	Row 12	Date Bankruptcy Released, (Dismissal/ Relief from Stay) if applicable
Row 8	Date Bankruptcy was filed, if applicable										
Row 9	Bankruptcy Chapter										
Row 10	Bankruptcy Case Number										
Row 11	Due Date of Last Payment Made Prior to Bankruptcy										
Row 12	Date Bankruptcy Released, (Dismissal/ Relief from Stay) if applicable										
51	Bankruptcy Chapter Number Filed (if more than one, use the <i>Bankruptcy Worksheet</i> , and enter in sequential order)										
52	Case Number(s) of the Bankruptcy Filed (if more than one, use the <i>Bankruptcy Worksheet</i> and enter in sequential order)										
53	Due Date of Last Payment made prior to Bankruptcy. This date corresponds with the first bankruptcy filed as listed on the loss claim and prior to any subsequent payments made during the bankruptcy period.										
54	Date Bankruptcy Released or Dismissed or Motion for relief was granted, if applicable										
55	Date Eviction Started, if applicable										
56	Date Eviction Completed, if applicable										
57	<i>Input is not required in this row. Complete "Settlement Date" value in row 58, or 59, or 60.</i>										
58	Sale Date if Sold to Third Party (enter only one date)										
59	Date up to 6 Months from Date of Foreclosure/acquisition date if Property Not Sold (enter only one date)										
60	Date Mutually Determined by Lender/servicer and Rural Development (enter only one date) <i>Note: If date is entered on more than one row (in rows 58-60), or if no date is entered, an error message will appear.</i>										
61*	* Number of Days of Interest										
62*	* Total Accrued Interest Claimed										

**Fields with an asterisk are system generated and do not require user input.*

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Loss Claim Input Worksheet (Continued)

Part III Foreclosure Protective Advances Paid Prior to Settlement Date

To complete this section a user will obtain the applicable information from lender/servicer records such as, a “mortgage loan” servicing history.

<u>Field</u>	<u>Enter/Input</u>
66-78	Select the Type of Advance (i.e., Insurance, Forced Placed Insurance, Property Taxes, etc.) and also enter corresponding Advance Date, Effective Date (required for insurance only) and Amount of Advance (paid after the date of the last borrower payment)
79	<i>Input is not required in this row and row may be hidden.</i>
80*	* Total Protective Advance
81*	* Interest on Protective Advances Paid Prior to Foreclosure Sale Date – Optional field which Rural Development calculates based on advance date and debenture interest rate *
82	<i>Input is not required in this row.</i>
83	Amount of Last Insurance Premium listed above (Includes all insurance, paid after the date of the last borrower payment, but before liquidation of the account.)
84	Effective Date (mm/dd/yyyy) of Last Insurance Paid listed above
85*	* Number of Days Policy in Force
86*	* Percentage of lender/servicer’s Prorated Portion – <i>populated from standard insurance prorating schedule</i>
87*	* Prorated Insurance Subtracted in Claim (amount of last insurance premium multiplied by the percentage of the Lender/servicer’s prorated portion)

**Fields with an asterisk are system generated and do not require user input.*

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Loss Claim Input Worksheet (Continued)

Part IV Expenses Associated with Property Acquisition, Holding, and/or Sale

Complete this section for a pre-foreclosure sale, a sale to a third party at the foreclosure sale, or a REO property sale. Please refer to the most recent Rural Development Administrative Notices for how to document eligible fees.

Note: If the property is unsold, fields 96 through 99 and 101 through 103, under **REO Costs Post FCL/DIL Date** column, are not calculated in this part as the costs are included in the **REO Acquisition Management Resale Factor**. **Each column of expenses must be segregated** between costs incurred prior to title acquisition (Liquidation Costs Pre-foreclosure or Deed-in-Lieu date) and costs incurred after acquisition of title (REO Costs Post-foreclosure or Deed-in-Lieu date).

* **Note:** Fields with an asterisk (*) are system calculated and do not require user input.

<u>Field</u>	<u>Enter/Input</u>
91	Actual Foreclosure Attorney Fees incurred associated with the most recent liquidation action. Subject to maximum fees per State.
92	Actual Foreclosure Attorney Costs incurred associated with the most recent liquidation action. <i>Note: The Agency will not reimburse attorney fees or costs (Row 91 and 92) incurred for a prior liquidation action which was reinstated by the borrower, voluntarily or through bankruptcy, or for which the foreclosed property was redeemed.</i>
93	Actual Eviction Expenses incurred.
94	Actual Bankruptcy Attorney Fees incurred associated with the most recent liquidation action. Subject to maximum fees per State.
95	Actual Bankruptcy Attorney Costs incurred associated with the most recent liquidation action. <i>Note: The Agency will not reimburse attorney fees or costs incurred for a prior liquidation action which was reinstated by the borrower, voluntarily or through bankruptcy, or for which the foreclosed property was redeemed.</i>
96	Amount of <i>written</i> property inspections performed by a property preservation company or licensed inspector (such as a termite and dry rot company). Inspections performed by realtors or in house employees are not reimbursed.
97	Amount of Actual Utility Costs (i.e., electric, gas, water)
98	Property Preservation Costs. Enter one-time costs associated with securing and preserving the property (i.e., lock changes, debris removal, winterization).
99	Property Maintenance Costs that cover recurring fees (i.e., yard maintenance, snow removal).
100	Pre-authorized Repairs (i.e., cosmetic and structural repairs with prior approval by Rural Development).
101	Sales Expenses. Enter the amount of seller paid closing costs deducted from contract sales price found on the HUD-1. Lender/servicers are to deduct any credits from the HUD-1 against actual sales expenses for taxes or ineligible expenses such as outsourced REO management fees.
102	Appraisal or Broker Price Opinion (BPO). Enter the cost of property valuations.
103	Other
104	* Total of all expenses associated with liquidation and REO disposition - <i>automated field</i> *

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Loss Claim Input Worksheet (Continued)

Part V Buydown

<u>Field</u>	<u>Enter/Input</u>
108	Buydown Balance Remaining in Escrow, if applicable.

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Part VI Estimated Net Recovery (ENR) Calculation for Unsold REO

Complete this section **only** if the property was not sold and is in the lender/servicer's REO inventory at the time of the Estimated Net Recovery (ENR) claim. ENR claims are paid based upon a liquidation value appraisal. Lender/servicers must request a liquidation value appraisal from the Agency. The Agency will provide the value to the lender/servicer upon receipt of an Appraisal Report.

* **Note:** Fields with an asterisk (*) are system calculated and do not require user input.

<u>Field</u>	<u>Enter/Input</u>
112	Appraised Value (Based upon a liquidation value appraisal from the Agency and communicated to the lender/servicer)
113	Acquisition Management, Resale Factor (See "RD Instruction 1980-D, Exhibit D")
114*	* Appraised Value 'X' Factor

Part VII Loss Mitigation Loss

<u>Field</u>	<u>Enter/Input</u>
118	Pre-Foreclosure sale loss mitigation
119	Deed-in-lieu loss mitigation incentive
120	*Total

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Loss Claim Input Worksheet (Continued)

Printing and Submitting the Loss Claim Input Worksheet

Submit the completed *SFHGLP Loss Claim Input Worksheet* and the *Additional Bankruptcy Worksheet*, if applicable, along with the completed, signed; Form RD 1980-20 and any required supporting documentation to the Agency.

Printing the SFHGLP Loss Claim Forms:

- ⇒ "Print" buttons are located in Row 118 and you should click on one of the following:
 - *Print SFHGLP Loss Claim Input Worksheet*
 - *Print SFHGLP Loss Claim Input Worksheet and Additional Bankruptcy Worksheet*
- ⇒ Click on the worksheet tab, *Automated Form RD 1980-20*, and print.
- ⇒ Click on the worksheet tab, *SFHGLP Loss Claim Checklist*, and print.

Lender/servicers submit the SFHGLP Loss Claim Input Worksheet:

Send the completed *SFHGLP Loss Claim Input Worksheet* (and *Bankruptcy Worksheet*, if applicable) and an original, completed and **signed** Form RD 1980-20, with all items (as listed on the *SFHGLP Loss Claim Checklist*) and any other required supporting documentation to CSC. If you need blank *SFHGLP Loss Claim Worksheets* and Forms RD 1980-20, for manual completion by your staff, click on the worksheets *SFHGLP Loss Claim Manual Input Worksheet* and *Manual Form RD 1980-20* respectively, and print.

Note: Electronic submissions - to facilitate Rural Development claim review, lender/servicers are encouraged to submit a digital copy of the file by email or diskette, as well as the hard copy documentation. The electronic file can also be saved for reporting the sale of REO that remained unsold at time of claim payment and any future recovery needs. Agency employees should follow all applicable procedures to protect Personally Identifying Information (PII) including but not limited to the Privacy Act of 1974.

Agency Steps:

- ⇒ Review and validate the loss claim request and supporting documentation submitted by the lender/servicer.
- ⇒ Obtain the signature of the Rural Development Approval Official on the completed Form RD 1980-20.
- ⇒ Enter the loss claim data into the automated Guaranteed Loan System (GLS) Loss Claim Add/Update section.
- ⇒ Notify the lender/servicer of the results of their processed claim by letter. Communicate any adjustments verbally.
- ⇒ Provide appropriate appeal rights for any adjustments, reductions, or denials with specific reasons and clear explanation for your decision.

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FUTURE RECOVERY CALCULATOR

The *Future Recovery Calculator* worksheet located within the file **RD Loss V4.1.XLT**, is used to report the following:

- A. To report the sale of REO for loss claims paid on an Estimated Net Recovery (ENR) claim. This function is now required on all REO sales and is to be reported to Rural Development within 30 days of the settlement date.
- B. Calculate the amount a lender/servicer is required to pay the Agency when a lender/servicer recovers funds after a loss claim is paid. When the loss claim is calculated for unsold REO (ENR claim), it is based on an estimated sales price established by a third party “liquidation” value appraisal of the property. If the property actually sells at a higher price, the difference must be reported to the Agency as a future recovery. If the property sells for a lower price, the Agency does not reimburse the lender/servicer for additional loss.
- C. To report the receipt of other recovery collected by the lender/servicer, after claim payment, such as a delayed insurance payment, a collection of a deficiency judgment, or other similar payments.

The *Future Recovery Calculator* takes into account the relative percentage of loss borne by the Agency and the lender/servicer based on the original claim, and calculates the amount of the recovery owed to the Agency.

When using the *Future Recovery Calculator*, the user should have a copy of the **Advice of Payment/Notice of Termination** on which the original loss claim payment was based. A copy of the final claim in which payment was based and Form 1980-20 would also be sufficient. In addition the user must have the Settlement Statement or other legal means of confirming the contract sales price of the REO.

Rural Development field staff and lender/servicers can use the *Future Recovery Calculator* to report the sale of the REO based upon an ENR claim, calculate future recovery owed the Agency and report the receipt of other recovery after claim payment. Lender/servicers should complete the worksheet and submit a copy of the worksheet along with a copy of the HUD-1 or similar document confirming the contract sales price of the REO to the Agency for review. Following the review, if future recovery is due, payment is due within 30 days of notification by the Agency. Failure to pay promptly could affect future payment of loss claims filed.

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FUTURE RECOVERY CALCULATOR (Continued)

Starting Point

File Name: *RD Loss v4.1.XLT* (Microsoft Excel Template)

Worksheet Name: *Future Recovery Calculator*

Open the file **RD Loss v4.1.XLT** and click on the *Future Recovery Calculator* tab. Use the **Field** locations (row numbers) below, which refer to the location in the spreadsheet that corresponds to the information that the user should enter, when applicable. References to Report of Loss, Form RD 1980-20 refer to the form on which the original loss claim payment was based.

* **Note:** Fields with an asterisk (*) are system calculated and do not require user input.

<u>Field</u>	<u>Enter/Input</u>
1	Borrower's full name
2	Borrower's Social Security Number
3	Lender/servicer loan number for this borrower
4	Lender/servicer Tax ID number (9-digit number without the leading zero, i.e. 123456789)
5	Lender/servicer Name from Item 9 of Form RD 1980-20
6	Date of original loss claim from Item 2 of Form RD 1980-20
8	Net Loss Amount from the Advice of Payment/Notice of Termination .
9	Primary Loss Amount Paid Lender from the Advice of Payment/Notice of Termination .
10	Original loan amount from Item 27 of Form RD 1980-20
11	Liquidation appraised value of the property from Item 23 of Form RD 1980-20
12	Amount for which the REO property was sold to third party. Contract sales price from HUD-1.
13*	*Difference between Appraised Value and Amount Sold to 3 rd Party
14	<i>This row includes instructions for rows 15 and 16: "Either the actual percentage or the dollar amount of REO Sales Commission should be entered."</i>
15	Actual percentage rate of Commission for REO Sale - Enter the actual Commission percentage rate charged to sell the REO, OR
16	Actual dollar amount of real estate Commission for REO Sale - Enter the actual Commission charged to sell the REO
18*	*Allowance for Additional Commission - Commission is based on the difference between the Liquidation Appraised Value and the Actual Sales Price. (If a commission is entered that exceeds 6%, the amount shown will be capped at 6%)
19	Cost of any capital improvement expenses the lender incurred that directly resulted in an increase in the sales price of the REO property. This does not include additional interest, taxes, insurance, closing fees, appraisals, inspections, winterization, lawn care, pest inspections, etc. These expenses were already considered in the original loss claim by utilizing the Acquisition/Management Factor. If you have any questions on what can be included as capital improvement, please contact the Agency.
20	Amount of seller concessions paid from the sale proceeds above what is reasonable and customary for the area, which directly resulted in an increased sales price. For example, in the case of hard to market properties and properties requiring incentives to sell.
21*	*Adjusted sales price
22*	*Net difference between the Liquidation Appraised Value and the Actual Sales Price to 3 rd Party

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FUTURE RECOVERY CALCULATOR (Continued)

<u>Field</u>	<u>Enter/Input</u>
23	Other Recovery Amount collected by the lender not included in the original loss claim and not previously reported to Rural Development.
24	Sum of any previously reported recovery and not included in original claim submission.
25	Sum of previously paid recovery to Rural Development. This amount may be equal to or less than the amount indicated on Row 24.
26*	* 35% of Original Loan Amount
27*	* Total Amount of Loss > 35% of Loan Amount
28*	* Total Amount of Recovery
29-30	<i>These rows indicate that rows 31-32 provide the Allocation of Recovery, split between Rural Development and the Lender.</i>
31*	* RD's 85% of amount of Recovered Loss >35% of the Loan Amount
32*	* Lender's 15% portion of Loss >35% of the Loan Amount
33	<i>This row highlights that rows 34-37 provide a Summary of Total Recovery Owed to Rural Development.</i>
34*	* RD's 100% of the difference between the Total Recovery and the Loss over 35%
35*	* RD's 85% of Split
36*	* Subtract amount of previous recovery payments made to Rural Development
37*	* Amount Lender to Pay Rural Development (the maximum is capped at Total Loss)

Note: The amount the lender/servicer must remit to the Agency is on Row 37, "AMOUNT LENDER/SERVICER TO PAY Rural Development." This amount is capped at the total loss paid to the lender/servicer by the Agency and by the Total Amount of Recovery.

Lender/servicers must submit a copy of the HUD-1 (or similar document) for the sale of the property and any other required documentation along with a printed copy of the *Future Recovery Calculator* within 30 days of the settlement date of the REO. Any future recovery due the Agency is due within 30 days of notification by Rural Development. Failure to pay promptly could affect future payment of loss claims filed.

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ADDITIONAL RECOVERY CALCULATOR (Post Sale)

The *Additional Recovery Calculator (Post Sale)* worksheet located within the file **RD Loss V4.1.XLT**, is used to report additional recovery not previously reported with the loss claim payment or during the report of future recovery upon the sale of the REO. An example is a delayed payment received as an insurance refund, collection of a deficiency judgment or similar payments.

When using the *Additional Recovery Calculator (Post Sale)*, the user should have a copy of the **Advice of Payment/Notice of Termination** on which the original loss claim payment was based or a copy of the final claim in which payment was based and Form 1980-20. If any future recovery or previously paid other recovery was paid, prior to this submittal, the user must also have information on those payments available.

Starting Point

File Name: *RD Loss v4.1.XLT* (Microsoft Excel Template)

Worksheet Name: *Additional Recovery Calculator (Post Sale)*

Open the file **RD Loss v4.1.XLT** and click on the *Additional Recovery Calculator (Post Sale)* tab. Use the **Field** locations (row numbers) below, which refer to the location in the spreadsheet that corresponds to the information that the user should enter, when applicable. References to Report of Loss, Form RD 1980-20 refer to the form on which the original loss claim payment was based.

* **Note:** Fields with an asterisk (*) are system calculated and do not require user input.

<u>Field</u>	<u>Enter/Input</u>
1	Instruction on when this calculator applies to recovery collected/reported.
2	Borrower's full name
3	Borrower's Social Security Number
4	Lender/servicer loan number for this borrower
5	Lender/servicer Tax ID number (9-digit number without the leading zero, i.e. 123456789)
6	Lender/servicer Name from Item 9 of Form RD 1980-20
7	Date of original loss claim from Item 2 of Form RD 1980-20
8	Directional Statement to utilize "User Guide"
9	Net loss amount from the GLS Payment Information Section of View/Update screen or the Advice of Payment/Notice of Termination
10	Loss amount paid to lender from GLS Computed Loss Info Section/View/Update screen or the Advice of Payment/Notice of Termination
11	Original loan amount from item 27 of Form RD 1980-20
12	Additional recovery amount after the sale of REO and after payment of Future Recovery resulting in sale of REO

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ADDITIONAL RECOVERY CALCULATOR (Post Sale) **(Continued)**

13	The total amount of recovery previously reported including the initial recovery (line 28, "Total Amount of Recovery" from the <i>Future Recovery Calculator</i> plus all additional recoveries.
14	The total amount of recovery actually paid or should have been paid to Rural Development.
15	*35% of Original Loan Amount
16	*Total amount of Loss > 35% of Loan Amount
17	*Remaining Loss > 35% of Loan
18	*Total remaining loss
19	*Amount of Recovery over Remaining Loss > 35% of Loan Amount
20	*Amount of Recovery applied Toward loss < 35% of Loan Amount
21	*Total Cumulative Amount of Recovery including previously paid and current recovery amounts
22	This row when combined with 23 provides the <i>Allocation of Current Amount of Recovery, split between Rural Development and the lender/servicer.</i>
23	This row when combined with 22 provides the <i>Allocation of Current Amount of Recovery, split between Rural Development and the lender/servicer.</i>
24	*Rural Development's 85% of Amount of Recovered Loss > 35% of the Loan Amount
25	*Lender/servicer 15% Portion of Loss > 35% of Loan Amount
26	<i>This row highlights that rows 27-28 provide a Summary of Total owed to Rural Development</i>
27	*Rural Development's 100% of the Recovery that is Applied toward Loss <35% of Loan Amount
28	*Rural Development's 85% split
29	*Amount lender/servicer to Pay Rural Development (the maximum is capped at Total Loss)

NOTE: The amount the lender/servicer must remit to the Agency is on Row 29, "Amount Lender to Pay Rural Development." This amount is capped at the total loss paid to the lender/servicer by the Agency and by the Total Amount of Recovery.

Lender/servicers must submit a copy of the HUD-1 (or similar document) for the sale of the property and any other required documentation along with a printed copy of the *Additional Recovery Calculator* within 30 days of the settlement date of the REO. Any additional recovery due the Agency is due within 30 days of notification by Rural Development. Failure to pay promptly could affect future payment of loss claims filed.

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RECOVERY CALCULATORS (Continued)

Printing and Mailing the Future Recovery Calculator or Additional Recovery Calculator (Post Sale)

Printing the Future Recovery Calculator:

- ⇒ Click on one of the following:
 - *Future Recovery Calculator* tab or the *Additional Recovery* tab in the worksheet
- ⇒ Click on the print tool button.

Lender/servicers submit the following to the Centralized Servicing Center – USDA Rural Development, 1520 Market Street, FC-225, St. Louis, MO 63103. Priority mail is suggested for delivery and tracking purposes. A copy of the completed *Future Recovery Calculator* or *Additional Recovery Calculator* worksheet.

- ⇒ A copy of the Advice of Payment/Notice of Termination outlining the initial loss claim payment.
- ⇒ If reporting a sale of REO, a copy of the HUD-1 or similar documentation confirming the contract sales price of the REO. (**Note: Report is due for all claims paid based upon an estimated sale price, within 30 days of the settlement date.**) When reporting additional recovery (post sale), include documentation confirming the amount of recovery collected, such as an insurance notification, etc.

Recovery Due (Future Recovery or Additional Recovery), lender/servicers submit the following additional items to the Centralized Servicing Center – USDA Rural Development, 1520 Market Street, FC-225, St. Louis, MO 63103. Priority mail is suggested for delivery and tracking purposes.

- ⇒ A copy of form RD 1980-20, with Items 1-9, Item 29, and Item 42 completed. Item 1 should be coded as a “4” to indicate a recovery.
- ⇒ A copy of the Advice of Payment/Notice of Termination outlining the initial loss claim payment. Include information on previously paid future or other recovery also.
- ⇒ A check, payable to Rural Development, in the amount specified on Row 34 of the *Future Recovery Calculator Worksheet* or Row 28 on the *Additional Recovery (Post Sale) Worksheet*

Agency Steps:

- ⇒ Review the *Future Recovery Calculator* or *Additional Recovery Calculator* (as applicable) and supporting documentation submitted by the lender/servicer. Validate data submitted.
- ⇒ When recovery is due (future recovery or recovery post sale), obtain the signature of the Rural Development approval official on the completed Form RD 1980-20.
- ⇒ Enter the loss claim into the automated Guaranteed Loan System (GLS) *Loss Claim Administration* menu in the *Add Recovery Calculator* section.
- ⇒ When recovery is due, notify the lender/servicer of the amount due by letter. Communicate any adjustments verbally prior to sending a letter. Request payment within 30 days.
- ⇒ Provide appropriate appeal rights for any adjustments, reductions, or denials, if applicable, with specific reasons and clear explanation for your decision.
- ⇒ Process the lender/servicer’s check.

If you have any questions, please contact Susanne Wilson, Debbie Terrell or Michelle Corridon in the Single Family Housing Guaranteed Loan Division.

Susanne Wilson
Debbie Terrell
Michelle Corridon

susanne.wilson@wdc.usda.gov
debra.terrell@wdc.usda.gov
michelle.corridon@va.usda.gov

(202) 720-9705
(918) 534-3254
(804) 287-1595

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EXHIBIT B

USDA RURAL DEVELOPMENT SINGLE FAMILY HOUSING GUARANTEED LOAN PROGRAM (SFHGLP) LOSS CLAIM CHECKLIST

To file a SFHGLP loss claim, submit the following forms and documentation to Centralized Servicing Ctr.

In the space on the left, indicate the location of each document in your package.

NOTE TO AUTOMATED VERSION USERS: To facilitate Rural Development review, please save your loss claim input worksheet and submit it electronically in addition to hard copies of all the listed forms and documentation.

_____ Original Form RD 1980-20, "Rural Housing Guarantee Report of Loss."

If property is sold, complete Items 1-14 and Sections A, B and E.

If property is in REO, complete Items 1-14 and Sections B, C, D and E.

Sign and date the form.

NOTE TO AUTOMATED VERSION USERS: THE COMPLETION OF FORM RD 1980-20 IS AUTOMATED IF THE EXCEL TEMPLATE, RD Loss V4.0.xlt, "SFHGLP Loss Claim Input Wrksht" IS COMPLETED. COMPLETE THE INPUT WORKSHEET, THEN CLICK ON THE TAB "Automated Form RD 1980-20." PRINT, SIGN AND DATE THE FORM.

_____ SFHGLP Loss Claim Input Wksht

(If REO is unsold, request a liquidation appraisal from Rural Development and complete Part VI once you receive appraised value from Rural Development)

_____ Property marketing summary to support REO marketing activity (Sold and Unsold REO)

(Include listing agreement and any amendments/addendums)

_____ Copy of consolidated default log detailing all servicing contacts with the borrower.

_____ Payment History reflecting all application of payments, association fees and escrow disbursements.

_____ Copy of appraisal(s) and/or BPO(s).

_____ Verification of first legal action

(i.e. complaint, publication, etc.)

_____ Report or verification of foreclosure sale, pre-foreclosure sale or deed-in-lieu of foreclosure consummation.

(i.e., recorded foreclosure deed, HUD-1, or deed showing the transfer of property to new owner or lender, etc.)

_____ Confirmation of foreclosure sale or redemption period expiration date (if applicable).

_____ Copy of HUD-1 (Settlement Statement), if property is sold.

_____ Documentation of Protective Advance expense, including interest accrual calculation.

(Copy of accounting ledger listing protective advances)

_____ Documentation of claimed expenses.

(Copy of accounting ledger listing corporate advances and all associated invoices)

_____ Documentation of Buydown Escrow account.

Part V - Loss Claim Worksheet

EXHIBIT C

**USDA RURAL DEVELOPMENT
SINGLE FAMILY HOUSING GUARANTEED LOAN PROGRAM (SFHGLP)
AUTOMATED LOSS CLAIM INPUT WORKSHEET**

RD USE ONLY
Date Claim Received

Borrower: _____ ,

PART I GENERAL INFORMATION

_____	Borrower SSN
_____	Lender Loan Number
_____	Borrower Name
_____	Co-Borrower SSN
_____	Co-Borrower Name
_____	Borrower's Address
_____	City, State and ZIP
_____	Borrower's Phone Number
_____	Loss Claim Contact Person
_____	Loss Claim Contact Phone Number (10-digit phone number)
_____	Loss Claim Contact Fax Number (10-digit phone number)
_____	Loss Claim Contact Email Address
_____	Servicing Lender ID No. (9-digit Tax ID - Employer Identification Number)
_____	Servicing Lender Branch No. (3 digit, Rural Development-assigned)
_____	Servicing Lender Name
_____	Holding Lender ID No. (9-digit Tax ID - Employer Identification Number)
_____	Holding Lender Branch No. (3 digit, Rural Development-assigned)
_____	Holding Lender Name
_____	Holding Lender Address
_____	Holding Lender City, State and ZIP Code
_____	Recipient (Payee) of Loss Claim Payment (Select one) (Must Enter name of Servicing Lender and Holding Lender above by using the dropdown.)

Select

2 - Final Loss

_____	Report Type Code (Select One)
_____	Original Loan Amount (Amount on which the guarantee was based)
_____	Modified Loan Amount, if applicable (Enter only if original Loan amount was modified)
_____	Escrow Balance As of Last Borrower Payment
_____	Other Recovery (Example: insurance loss, judgment collection, referral fee back to servicing lender, etc.)
_____	Cost of Collection of "Other Recovery" listed above
_____	Method of Liquidation: Foreclosure, Deed-in-Lieu, Short-Sale or Foreclosure/3rd Party (Select One)
_____	Original List Price
_____	Original List Date (mm/dd/yyyy)
_____	Final List Price
_____	Final List Date (mm/dd/yyyy)
_____	Amount Property Sold For (Complete if property sold to third party, short sale or deed-in-lieu)

Select

PART II CALCULATION OF ACCRUED INTEREST

_____	Unpaid Principal
_____	Current Note Interest Rate (Use decimal form, example: 10.25)
\$ _____	Daily Interest Accrual (AUTOMATED, based on 365 day year)
_____	Due Date (mm/dd/yyyy) of Last Payment Made (Date Interest Paid Through)
_____	A. Date of Foreclosure Initiation, if applicable
_____	B. Date of Foreclosure Sale or DIL Execution
_____	C. Date of Redemption Expiration, if applicable
_____	D. Number of Bankruptcies Filed
_____	E. Date Bankruptcy Filed, if applicable
_____	F. Bankruptcy Chapter

EXHIBIT C

Borrower: _____,

_____ G. Bankruptcy Case No.

_____ H. Due Date of Last Payment Made Prior to Bankruptcy

_____ I. Date Bankruptcy Released, if applicable

_____ J. Date Eviction Started, if applicable

_____ K. Date Eviction Completed, if applicable

Settlement Date. (mm/dd/yyyy) (Complete one of the following dates below; A, B, or C)

<===== A. Sale Date If Sold To Third Party

<===== B. Up To 6 Months from date of Foreclosure if Property Not Sold

<===== C. Date Mutually Determined By Lender and RD

ERROR Number of Days (AUTOMATED)

#VALUE! TOTAL ACCRUED INTEREST CLAIMED (AUTOMATED)

ERROR, Line 58, 59, OR 60 requires a date. Only one cell may contain a value!

PART III FORECLOSURE PROTECTIVE ADVANCES PAID PRIOR TO SETTLEMENT DATE

Type of Advance	Advance Date	Effective Date	Amount
Select	_____	_____	_____
Select	_____	_____	_____
Select	_____	_____	_____
Select	_____	_____	_____
Select	_____	_____	_____
Select	_____	_____	_____
Select	_____	_____	_____
Select	_____	_____	_____
Select	_____	_____	_____
Select	_____	_____	_____
Select	_____	_____	_____
Select	_____	_____	_____

\$ - TOTAL PROTECTIVE ADVANCE (AUTOMATED)

Interest on Protective Advances paid prior to Foreclosure Sale Date: (Optional: Rural Development will calculate the interest on protective advances based on advance date and debenture interest rate)

Amount of last insurance premium (as listed above)

Effective Date (mm/dd/yyyy) of last insurance paid (as listed above)

ERROR Number of days policy in force (AUTOMATED)

#N/A % Lender's Prorated Portion (AUTOMATED)

#N/A Prorated insurance subtracted in claim (AUTOMATED)

PART IV EXPENSES ASSOCIATED WITH ACQUISITION, HOLDING, AND/OR SALE OF PROPERTY

	Liquidation Costs Pre FCL/DIL Date	REO Costs Post FCL/DIL Date	Total (Automated)
	<i>Complete Cell C-47</i>	<i>Complete Cell C-47</i>	
Foreclosure Attorney Fees	\$ -	\$ -	\$ -
Foreclosure Attorney Costs	\$ -	\$ -	\$ -
Eviction Expenses	\$ -	\$ -	\$ -
Bankruptcy Fees	\$ -	\$ -	\$ -
Bankruptcy Costs	\$ -	\$ -	\$ -
Property Inspections	\$ -	UN SOLD	\$ -
Utilities	\$ -	UN SOLD	\$ -
Property Preservation	\$ -	UN SOLD	\$ -

EXHIBIT C

Borrower: _____ ,

Property Maintenance	\$ -		UN SOLD	\$ -
Pre-authorized Repairs	\$ -	\$ -		\$ -
Sales Expense (From HUD-1)	\$ -		UN SOLD	\$ -
Appraisal/BPO	\$ -		UN SOLD	\$ -
Other	\$ -		UN SOLD	\$ -
TOTAL (AUTOMATED)	\$ -	\$ -		\$ -

PART V BUY DOWN

\$ _____ - Buy Down Balance Remaining In Escrow

PART VI ESTIMATED NET RECOVERY CALCULATION FOR UNSOLD REO

Complete ONLY if the property is still REO at the time of this claim!

\$ _____ -	Appraised Value (Provided by Rural Development)			
0	Acquisition Management, Resale Factor (Per Exhibit D of RD Instruction 1980-D)			
\$ _____ -	Appraised Value X Factor (AUTOMATED)			

PART VII LOSS MITIGATION WORKOUT INCENTIVE

	<u>Incentive Amount</u>			
Pre-FCL Sale Loss Mit Incentive	\$ -			\$ -
Deed-in-lieu Loss Mit Incentive	\$ -			\$ -
TOTAL (AUTOMATED)	\$ -			\$ -

EXHIBIT D

**TABLE TO DETERMINE THE NUMBER OF DAYS BETWEEN ANY
TWO GIVEN DATES**
365 DAY BASIS

To find the number of days between any two given dates, proceed as follows:

1. Find the number for the earlier of the two dates by locating the day of the month in the left hand column of the Table entitled "FIRST YEAR," and proceed across the table until the desired month is reached.
2. Find the number for the later date by using either the "FIRST YEAR" or the "SECOND YEAR" table. The "SECOND YEAR" table is used if the later date falls in the succeeding year.
3. Subtract the earlier date "number" from the latter date "number" to determine the number of days between the two dates.

NOTE: If the second date is into a third calendar year, add 365 to the result of instruction #3 for each additional calendar year.

FIRST YEAR

DAY OF MONTH	JAN.	FEB.	MAR.	APR.	MAY	JUNE	JULY	AUG.	SEPT.	OCT.	NOV.	DEC.
1	1	32	60	91	121	152	182	213	244	274	305	335
2	2	33	61	92	122	153	183	214	245	275	306	336
3	3	34	62	93	123	154	184	215	246	276	307	337
4	4	35	63	94	124	155	185	216	247	277	308	338
5	5	36	64	95	125	156	186	217	248	278	309	339
6	6	37	65	96	126	157	187	218	249	279	310	340
7	7	38	66	97	127	158	188	219	25	280	311	341
8	8	39	67	98	128	159	189	220	251	281	312	342
9	9	40	68	99	129	160	190	221	252	282	313	343
10	10	41	69	100	130	161	191	222	253	283	314	344
11	11	42	70	101	131	162	192	223	254	284	315	345
12	12	43	71	102	132	163	193	224	255	285	316	346
13	13	44	72	103	133	164	194	225	256	286	317	347
14	14	45	73	104	134	165	195	226	257	287	318	348
15	15	46	74	105	135	166	196	227	258	288	319	349
16	16	47	75	106	136	167	197	228	259	289	320	350
17	17	48	76	107	137	168	198	229	260	290	321	351
18	18	49	77	108	138	169	199	230	261	291	322	352
19	19	50	78	108	139	170	200	231	262	292	323	353
20	20	51	79	110	140	171	201	232	263	293	324	354
21	21	52	80	111	141	172	202	233	264	294	325	355
22	22	53	81	112	142	173	203	234	265	295	326	356
23	23	54	82	113	143	174	204	235	266	296	327	357
24	24	55	83	114	144	175	205	236	267	297	328	358
25	25	56	84	115	145	176	206	237	268	298	329	359
26	26	58	85	116	146	177	207	238	269	299	330	360
27	27	58	86	117	147	178	208	239	270	300	331	361
28	28	59	87	118	148	179	209	240	271	301	332	362
29	29	*	88	119	149	180	210	241	272	302	333	363
30	30		89	120	150	181	211	242	273	303	334	364
31	31		90		151		212	243		304		365

* Denotes Leap Year

EXHIBIT D

**TABLE TO DETERMINE THE NUMBER OF DAYS BETWEEN ANY
TWO GIVEN DATES
SECOND YEAR**

365 DAY BASIS

DAY OF MONTH	JAN.	FEB.	MAR.	APR.	MAY	JUNE	JULY	AUG.	SEPT.	OCT.	NOV.	DEC.
1	366	397	425	456	486	517	547	578	609	639	670	700
2	367	398	426	457	487	518	548	579	610	640	671	701
3	368	399	427	458	488	519	549	580	611	641	672	702
4	369	400	428	459	489	520	550	581	612	642	673	703
5	370	401	429	460	490	521	551	582	613	643	674	704
6	371	402	430	461	491	522	552	583	614	644	675	705
7	372	403	431	462	492	523	553	584	615	645	676	706
8	373	404	432	463	493	524	554	585	616	646	677	707
9	374	405	433	464	494	525	555	586	617	647	678	708
10	375	406	434	465	495	526	556	587	618	648	679	709
11	376	407	435	466	496	527	557	588	619	649	680	710
12	377	408	436	467	497	528	558	589	620	650	681	711
13	378	409	437	468	498	529	559	590	621	651	682	712
14	379	410	438	469	499	530	560	591	622	652	683	713
15	380	411	439	470	500	531	561	592	623	653	684	714
16	381	412	440	471	501	532	562	593	624	654	685	715
17	382	413	441	472	502	533	563	594	625	655	686	716
18	383	414	442	473	503	534	564	595	626	656	687	717
19	384	415	443	474	504	535	565	596	627	657	688	718
20	385	416	444	475	505	536	566	597	628	658	689	719
21	386	417	445	476	506	537	567	598	629	659	690	720
22	387	418	446	477	507	538	568	599	630	660	691	721
23	388	419	447	478	508	539	569	600	631	661	692	722
24	389	420	448	479	509	540	570	601	632	662	693	723
25	390	421	449	480	510	541	571	602	633	663	694	724
26	391	422	450	481	511	542	572	603	634	664	695	725
27	392	423	451	482	512	543	573	604	635	665	696	726
28	393	424	452	483	513	544	574	605	636	666	697	727
29	394	*	453	484	514	545	575	606	637	667	698	728
30	395		454	485	515	546	576	607	638	668	699	729
31	396		455		516		577	608		669		730

* Denotes Leap Year

EXHIBIT E

**USDA RURAL DEVELOPMENT
SINGLE FAMILY HOUSING GUARANTEED LOAN PROGRAM (SFHGLP)
FUTURE
RECOVERY CALCULATOR**

BORROWER NAME:		
Borrower SSN:		
LENDER LOAN NUMBER:		
LENDER TAX ID NO. (9 digit number):		
LENDER NAME:		
DATE OF ORIGINAL LOSS CLAIM (mm/dd/yyyy):		
SEE THE "USER GUIDE" FOR COMPLETE INSTRUCTIONS ON USING THE "FUTURE RECOVERY CALCULATOR"		"All Fields Must be Completed"
TOTAL LOSS (Net Loss Amount from the GLS Payment Information Section of View/Update screen or the Advice of Payment/Notice of Termination)		
TOTAL COMPUTED LOSS PAYABLE (Loss Amount Paid to Lender from Computed Loss Info Section/View/Update screen of GLS or the Advice of Payment/Notice of Termination)		
ORIGINAL LOAN AMOUNT		
LIQUIDATION APPRAISED VALUE		
AMOUNT REO PROPERTY WAS SOLD TO THIRD PARTY (Contract Price from HUD-1)		
DIFFERENCE BETWEEN LIQUIDATION APPRAISED VALUE AND AMOUNT SOLD TO 3rd PARTY (Automated)		\$0.00
<u>ENTER EITHER THE ACTUAL PERCENTAGE OR DOLLARS AMOUNT OF REO SALES COMMISSION BELOW</u>		
ACTUAL PERCENTAGE RATE OF COMMISSION FOR REO SALE (Enter the actual Commission percentage rate charged to sell the REO) OR		
ACTUAL DOLLAR AMOUNT OF COMMISSION FOR REO SALE(Enter the actual commission charged to sell the REO)		
ERROR! You may only enter one value for REO Sales Commission Expense. Either a percentage or a dollar value. You must enter a value in one field. A Zero is a valid value. One of the fields must be blank. Please correct!		
ALLOWANCE FOR ADDITIONAL COMMISSION (Commission capped at 6% of Difference between Appraised Value and Actual Sale Price) (Automated)		\$0.00
COST OF CAPITAL IMPROVEMENTS DIRECTLY RESULTING IN AN INCREASED SALES PRICE		\$0.00
AMOUNT OF RD APPROVED SELLER CONCESSIONS BEYOND WHAT IS CUSTOMARY		\$0.00
ADJUSTED SALES PRICE (Automated)		\$0.00
NET DIFFERENCE BETWEEN LIQUIDATION APPRAISED VALUE AND ADJUSTED SALES PRICE TO 3rd PARTY (Automated)		\$0.00
OTHER RECOVERY NOT IN ORIGINAL CLAIM (Judgment, Insurance claim, etc.)		\$0.00
SUM OF PREVIOUSLY REPORTED RECOVERY (Not included in original Claim)		\$0.00
SUM OF PREVIOUSLY REPORTED RECOVERY PAID TO RURAL DEVELOPMENT		\$0.00
35% of ORIGINAL LOAN AMOUNT (Automated)		\$0.00
TOTAL AMOUNT OF LOSS > 35% OF LOAN (Automated)		\$0.00
TOTAL AMOUNT OF RECOVERY (Automated)		\$0.00
<u>ALLOCATION OF RECOVERY:</u>		
<i>Split between Rural Development and Lender</i>		
RHS's 85% OF AMOUNT OF RECOVERED LOSS > 35% OF LOAN (Automated)		\$0.00
LENDER'S 15% PORTION OF LOSS > 35% OF LOAN (Automated)		\$0.00
<u>SUMMARY OF TOTAL TO RURAL DEVELOPMENT:</u>		
RD's 100% of the Difference Between Total Recovery & Loss over 35% (Automated)		\$0.00
RD's 85% OF SPLIT (Automated)		\$0.00
(LESS) PREVIOUS RECOVERY PAYMENTS MADE TO RURAL DEVELOPMENT (Automated)		\$0.00
AMOUNT LENDER TO PAY RURAL DEVELOPMENT (Maximum capped at Total Loss) (Automated):		Error Above!

EXHIBIT F

USDA RURAL DEVELOPMENT
SINGLE FAMILY HOUSING GUARANTEED LOAN PROGRAM (SFHGLP)
ADDITIONAL RECOVERY CALCULATOR
(Post Sale)

BORROWER NAME: _____ Borrower SSN: _____ LENDER LOAN NUMBER: _____ LENDER TAX ID NO. (9 digit number): _____ LENDER NAME: _____ DATE OF ORIGINAL LOSS CLAIM (mm/dd/yyyy): _____	
SEE THE "USER GUIDE" FOR COMPLETE INSTRUCTIONS ON USING THE "ADDITIONAL RECOVERY CALCULATOR" "All Fields Must be Completed"	
TOTAL LOSS (Net Loss Amount from the GLS Payment Information Section of View/Update screen or the Advice of Payment/Notice of Termination)	
TOTAL COMPUTED LOSS PAYABLE (Loss Amount Paid to Lender from Computed Loss Info Section/View/Update screen of GLS or the Advice of Payment/Notice of Termination)	
ORIGINAL LOAN AMOUNT	
ADDITIONAL RECOVERY (Not Previously Reported and Post Lost Claim and Post Future Recovery based on Sale of REO)	
SUM OF PREVIOUSLY REPORTED RECOVERY (Gross Amount of Recovery Reported) (Not included in original Claim)	
SUM OF PREVIOUSLY REPORTED RECOVERY ACTUALLY PAID TO RURAL DEVELOPMENT	
35% of ORIGINAL LOAN AMOUNT (Automated)	\$0.00
TOTAL AMOUNT OF LOSS > 35% OF LOAN (Automated)	\$0.00
REMAINING LOSS > 35% OF LOAN (Automated)	\$0.00
TOTAL REMAINING LOSS (Automated)	\$0.00
AMOUNT OF RECOVERY OVER REMAINING LOSS > 35% OF LOAN AMOUNT (Automated)	\$0.00
AMOUNT OF RECOVERY APPLIED TOWARD LOSS < 35% OF LOAN AMOUNT (Automated)	\$0.00
TOTAL CUMULATIVE AMOUNT OF RECOVERY (Includes previously paid and current recovery amounts) (Automated)	\$0.00
<u>ALLOCATION OF CURRENT RECOVERY AMOUNT:</u> <i>Split between Rural Development and Lender</i>	
RD's 85% OF AMOUNT OF RECOVERED LOSS > 35% OF LOAN (Automated)	\$0.00
LENDER'S 15% PORTION OF LOSS > 35% OF LOAN (Automated)	\$0.00
<u>SUMMARY OF TOTAL TO RURAL DEVELOPMENT:</u>	
RD's 100% OF RECOVERY THAT IS APPLIED TOWARD LOSS <35% OF LOAN AMOUNT (Automated)	\$0.00
RD's 85% OF SPLIT (Automated)	\$0.00
AMOUNT LENDER TO PAY RURAL DEVELOPMENT (Maximum capped at Total Loss) (Automated):	\$0.00