

RD AN No. 4438 (1980-D)
May 21, 2009

TO: State Directors
Rural Development

ATTENTION: Rural Housing Program Directors,
Guaranteed Loan Coordinators,
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
Official Record – Minimal Essential Documents

PURPOSE/INTENDED OUTCOME:

This Administrative Notice (AN) is applicable to Rural Development State and Field offices only. The purpose of this Administrative Notice (AN) is to expand upon guidance and update the list of minimal essential documents for permanent record retention of loans guaranteed under the Single Family Housing Guaranteed Loan Program (SFHGLP). This guidance is applicable to SFHGLP only. **Lenders are expected to retain complete origination records for each guaranteed loan in addition to documents listed within this notice.**

COMPARISON WITH PREVIOUS AN:

This AN replaces RD AN No. 4362 (1980-D), dated May 7, 2008, which expires on May 31, 2010. This AN has been updated to reflect the retention of evidence or records related to adverse credit waivers granted by lenders and repayment ratio waivers granted by Rural Development.

EXPIRATION DATE:
May 31, 2010

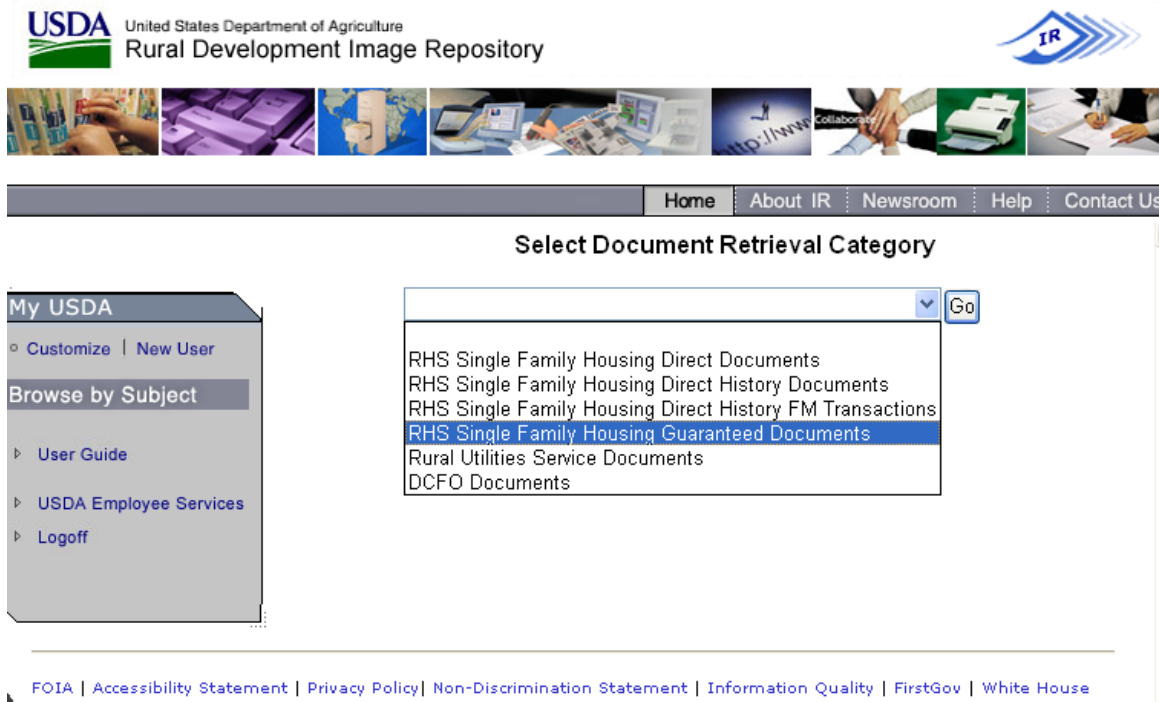
FILING INSTRUCTIONS:
Preceding RD Instruction 1980-D

BACKGROUND:

As a solution to the growing portfolio, document imaging was introduced to the States as an alternative to manage essential records for individual SFHGLP borrowers. Preservation of essential documents for Rural Development are minimal as the lender is responsible for maintaining all documents pertaining to loan origination, original security instruments and any supportive documents which influence the loan decision process. **Therefore, implementation instructions are not applicable to lenders approved to participate in the SFHGLP and are for internal Agency guidance.**

IMPLEMENTATION RESPONSIBILITIES:

Records management is the responsibility of all individuals within the Agency. In an effort to lower the costs of handling and storing SFHGLP documents, the Rural Development Image Repository was introduced to track and store electronic documents and/or images of paper documents. For authorized personnel, instant retrieval of those documents can be found at: <https://rdimagerep.sc.egov.usda.gov/>. Select ***RHS Single Family Housing Guaranteed Documents*** to browse through documents and search for specific information.



Quality control of imaged documents is an integral step to ensuring that documents that have been scanned and indexed adhere to quality expectations of accuracy and consistency. The “State Office Scan & Index Application Information (rev. 4/23/2009)” guide found at <http://rdirm.sc.egov.usda.gov/soscanning.html> provides instructions for the quality control of the documents scanned. States are reminded, when adding documents, to take the opportunity provided in the quality control step to insure

consistency and accuracy of the imaged documents. Regular supervision of scanned and indexed documents visually is required by States to personnel who scan and index documents are adhering to the quality control step provided for in the scanning and index guide and prior to destruction of the guaranteed loan file.

The attachment identifies the SFHGLP records to be retained for long-time preservation in the Agency's official SFHGLP case folder. The document matrix has been designed to assist States in identifying the core documents to be retained when a file has been underwritten manually and when underwritten with use of the Agency's automated underwriting system, Guaranteed Underwriting System. The document matrix is divided into 3 folders to allow for related document gathering and ease of use. Additionally, the document matrix can be utilized as a checklist when preparing the documents for imaging in the Rural Development Image Repository.

Each of the documents identified on the matrix are sufficient to perform a State Internal Review (SIR) on a closed SGHGLP loan, without the necessity of a paper file, provided the State has imaged all supportive documentation related to the document subject. Form RD 1980-86 may be viewed online, at the Guaranteed Loan System website, and is not required to be imaged. Additionally, two documents have been added to the Minimal Essential Document list to insure States have imaged any evidential or reference documents surrounding the subject. The improved Minimal Essential Document list now includes adverse credit waivers granted by lenders and repayment ratio waivers granted by Rural Development. A required form or format, independent of the typical Conditional Commitment request package, for adverse credit waivers by lenders, is not required. States are prohibited from requiring lenders to utilize a State developed form for adverse credit waivers. Lenders may document their adverse credit waivers and basis for their waiver on the loan underwriting analysis. States are reminded that a lender's loan underwriting analysis must document the underwriter's name and approving signature to represent a valid underwriting opinion by the approved lender.

Once States confirm imaged documents are accurately represented and indexed properly in the Rural Development Image Repository, origination documents may be destroyed and disposed of by shredding.

Questions regarding this AN can be addressed to Debbie Terrell, 918-534-3254, or Joaquin Tremols, 202-720-1452. Their respective email addresses are debra.terrell@wdc.usda.gov or joaquin.tremols@wdc.usda.gov.

SINGLE FAMILY HOUSING GUARANTEED LOAN PROGRAM –

MINIMAL ESSENTIAL DOCUMENTS MATRIX *[internal Agency use only]*

Use the following information as a reference for maintaining SFHGLP documents pertaining to loan origination. This document matrix may also be utilized as a checklist for the Rural Development Imaging Repository. File the identified document with the coinciding *document type* in the Rural Development Image Repository folder. Refer to the *Web Image Retrieval Application User Guide* or *State Office Scan and Index Functional Specification* for assistance with imaging. **States may also retain any other documentation they deem necessary for retention.**

	Document	Manual UW	GUS “ACCEPT”	Document Type – Rural Development Image Repository	Additional Guidance
	Folder 1				
<input type="checkbox"/>	Uniform Residential Appraisal Report (URAR) <ul style="list-style-type: none"> ▶ FNMA Form 1004/ FHLMC 70 and any addendums or supplemental reports (i.e. manufactured home; condo) 	√	√	10002 – Appraisal Report	
<input type="checkbox"/>	Property Inspections (NOTE: placeholder only – documentation typically retained in lender’s file) <ul style="list-style-type: none"> ▶ Lender certifications in accordance 1980.360(b) of RD 1980-D ▶ Property inspections (if submitted) 	√		10003 – Property Inspections	Property Inspection typically held by lender in lender’s permanent case folder.
<input type="checkbox"/>	Conditional Commitment <ul style="list-style-type: none"> ▶ Form RD 1980-18 and ▶ If required, conditions to Form RD 1980-18 and ▶ Lender Certification (completed and executed by lender – POST CLOSING) 	√	√	10009 – Conditional Commitment	
<input type="checkbox"/>	Administrative Appraisal Review <ul style="list-style-type: none"> ▶ Form RD 1922-15 	√	√	10014 - Administrative Appraisal Review Form	

	Document	Manual UW	GUS "ACCEPT"	Document Type – Rural Development Image Repository	Additional Guidance
	Folder 2				
<input type="checkbox"/>	Uniform Residential Loan Application (URLA) <ul style="list-style-type: none"> ▶ Form FNMA 1003/FHLMC 65 bearing borrower and lender interviewer signature 	√		10004 – Initial and Final Applications	
<input type="checkbox"/>	Uniform Underwriting and Transmittal Summary <ul style="list-style-type: none"> ▶ Form FNMA 1008/FHLMC 70 – completed with underwriter’s name and approval signature or ▶ Lender’s Loan Approval Sheet – provided information captured mirrors that of FNMA 1008/FHLMC 70 	√		10006 – Underwriting Transmittal Summary	The Lender’s loan underwriting analysis must bear the underwriter’s signature to confirm the loan has been underwritten by the approved lender prior to request for Conditional Commitment.
<input type="checkbox"/>	Income/Employment Verifications <i>Employment income of non-self-employed applicants:</i> <ul style="list-style-type: none"> ▶ Verification of Employment (Form RD 1910-5 or equivalent) and most recent paycheck stub or ▶ Paycheck stubs or payroll earnings statements covering the most recent 30-day period and W-2 tax forms for the previous 2 tax years and a telephone verification of the applicant’s current employment or ▶ Electronic verification or other computer-generated documents accessed and printed from a Intranet 	√		10005 – Income Employment Verifications	

	<p>or Internet, and W-2 forms for the previous 2 tax years and a telephone verification of the applicant's current employment</p> <p>Self-employed applicants:</p> <ul style="list-style-type: none"> ▶ Copies of signed individual Federal tax return – most recent two years or ▶ IRS-issued transcripts of the borrower's tax returns with all applicable schedules <p>Other income:</p> <ul style="list-style-type: none"> ▶ Third party verification or ▶ Evidence of receipt using deposits on banks statements or cancelled checks for the most recent three months 				
<input type="checkbox"/>	Credit Reports	√		10007 – Credit Reports	
<input type="checkbox"/>	Adverse Credit Waiver	√		10013 – Other Miscellaneous or 10006 – Underwriting Transmittal Summary (Folder 2) <ul style="list-style-type: none"> ▶ If documented on a lender's loan underwriting analysis 	States are prohibited from requiring a lender to utilize a State developed form for adverse credit waivers.
<input type="checkbox"/>	Repayment Ratio Waiver request and decision granted by Rural Development	√		10013 – Other Miscellaneous or Ratio request may be part of 10006 – Underwriting Transmittal Summary (Folder 2) <ul style="list-style-type: none"> ▶ If documented on a lender's loan underwriting analysis ▶ Decision granted by Rural Development may be scanned as part of Folder 2. 	States are prohibited from requiring a lender to utilize a State developed form for adverse credit waivers.

	Document	Manual UW	GUS “ACCEPT”	Document Type – Rural Development Image Repository	Additional Guidance
	Folder 3				
<input type="checkbox"/>	Request for Single Family Housing Loan Guarantee ▶ Form RD 1980-21 completed and executed by lender and applicant(s)	√	√	10011 – Request for Guarantee	
<input type="checkbox"/>	Loan Note Guarantee ▶ Form RD 1980-17 – complete/executed by Rural Development	√	√	10008 – Loan Note Guarantee	
<input type="checkbox"/>	Promissory Note	√	√	10001 – Promissory Note	
<input type="checkbox"/>	Guaranteed Loan Closing Report ▶ Form RD 1980-19 completed/executed by Rural Development	√	√	10010 – Loan Closing Report	
<input type="checkbox"/>	Environmental Review ▶ Form RD 1940-22 and/or Form RD 1940-21 (with attachments) and ▶ FEMA Form 81-93 (Standard Flood Determination)	√	√	10015 – Environmental Impact Statement	
<input type="checkbox"/>	Form HUD-1, “Settlement Statement”	Optional	Optional	10016 – HUD-1 Settlement Statement	The HUD-1 is strongly recommended if submitted by lender.
<input type="checkbox"/>	Other Documents Retained by State	√	√	10013 - Other Miscellaneous	