



WI RURAL HOUSING

NEWSFLASH

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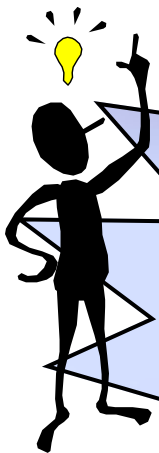
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FISCAL YEAR 2007 FUNDING

Thanks to your efforts during the first five months of Fiscal Year 2007, we were able to issue Conditional Commitments on 213 loans for over \$21.3 million. The USDA budget for the balance of Fiscal Year 2007 has been finalized with the total program level being approximately \$3.6 billion. Ample funding should remain available throughout the remainder of this fiscal year. The guarantee fee will remain at 2% of the loan amount.



Originators and lenders may resume faxing Form RD 1980-86, "Request for Reservation of Funds", to Rural Development as part of their loan processing. Please contact our Agency if you need to extend or cancel an existing Reservation of Funds request.



HELPFUL TIP

Streamlined credit documentation credit score is now 620!

(See page 3 for more information on this topic.)

Visit our website at <http://www.rurdev.usda.gov/wi/> for complete information on Wisconsin's GRH Loan Program.

"The USDA is an equal opportunity provider and employer."

Do you have a question or just want to learn more about the GRH program?

CONTACT US TODAY!

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State Office

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Stevens Point WI 54481

Phone:
866-GRH-3600

Fax:
715-345-7699

E-Mail:
RD_SFH_SO@wi.usda.gov





Congratulations Dawn

Dawn Christenson will be joining our Area Office staff in Stevens Point as an Area Loan Specialist later this month. Many of you have worked with Dawn over the years on loan underwriting and pre-qualifying issues for the GRH loan program. Her knowledge of mortgage lending and great customer service skills will now be utilized by the Area Office across several program areas. Dawn will be missed in the housing section.

FEDERAL HOME LOAN BANK (FHLB) APPROVAL

The FHLB of Chicago is now an approved lender / investor for the GRH loan program. A press release appeared on their website on 02-06-2007 announcing the availability of the GRH program to member banks who participate in the FHLB Mortgage Partnership Finance (MPF) program. We welcome their participation in the GRH loan program and look forward to working with their member banks and credit unions during the coming year. Please contact your FHLB representative if you have any questions about the delivery of GRH loans under the MPF program. If you have questions about servicing GRH loans, contact the Rural Development State Office and ask for a Guaranteed Housing Specialist.

WEBSITE UPDATES

Recent updates to the GRH portion of our website include: our updated Area Office map, an updated Originator's Manual, an updated Loan Servicing Guide, an updated list of Dealer Contractors for Manufactured Homes, an updated list of Nationally Approved Lenders, and a link to the FHA Roster Appraisers search. We will be updating the list of Million Dollar lenders under the "Featured Lenders" link soon.

SALE OF LENDER OWNED REO PROPERTY

In an effort to assist lenders with the prompt marketing of REO property after a GRH borrower's account has been liquidated, USDA Rural Development will now post this information on our national website: <http://www.resales.usda.gov/> This additional exposure should decrease REO marketing time and reduce costs for both lenders and the Agency.

If you are a lender with REO property resulting from the liquidation of a GRH loan, please email the property description including a photograph to: Paul.Bartlett@wi.usda.gov so that we can assist you in your marketing efforts. Call Guaranteed Housing Specialist, Paul Bartlett at 866-474-3600, ext. 114 with any questions.

CREDIT SCORE UNDERWRITING AN RE-ISSUED

Credit Score Lowered to **620** for Streamlined Credit Documentation!

On January 25, 2007, **RD AN 4237**, "Utilizing Credit Scores for Underwriting Single Family Housing Guaranteed Loans" was issued. This AN replaces RD AN 4171 and clarifies the Agency requirements and the underwriting

lender's responsibilities for file documentation when the primary wage earner has a representative credit score over 620. This AN lowers the credit score needed for a file to be eligible for streamlined credit documentation from 660 to 620. Files that qualify for streamlined credit documentation will not need rent verifications or the typical waivers for credit issues. Underwriters may also consider borrowers with representative credit scores over 620 as a supporting compensating factor when requesting waivers on repayment ratios.

The intent of this change is to reduce the documentation burden for the underwriting lender. Statistically, there is little difference in the frequency of loss claims for borrowers in the 620 to 660 range. Below 620, the number of loss claims increase significantly and as a result, lenders must thoroughly underwrite and document these files.

REFINANCE ANs RE-ISSUED

On February 2, 2007, **RD AN 4238**, "Single Family Housing Guaranteed Loan Program: Refinancing of Section 502 Direct Loans with Section 502 Guaranteed Loans", was issued to replace RD AN 4137 with the same title. This AN clarifies the process and documentation for lenders who assist an existing USDA Rural Development borrower with the refinance of their Direct 502 loan using the GRH loan program.

On February 2, 2007, **RD AN 4239**, "Single Family Housing Guaranteed Loan Program: Refinancing of Single Family Housing Guaranteed Loans", was issued to replace RD AN 4134 with the same title. This AN clarifies the process and documentation for lenders who assist an existing USDA Rural Development GRH borrower with the refinance of their existing loan using the GRH loan program.

Interested in reading more on one of our updated AN's?

Click [here](#) for the complete AN!



REFERRAL OF LOW INCOME APPLICANTS

If you are working on a loan application for the purchase of a home where the applicants' have a reasonable credit history, but do not have enough income to show repayment using current market rates, we would appreciate you referring those applicants to our Agency. Why do we want those referrals? The USDA Rural Development Section 502 Direct Loan Program may be able to provide financing for your customer with a reduced interest rate (possibly as low as 1%). This affordable financing may include loan terms ranging from 33 to 38 years that will allow many households to qualify for homes they could not have otherwise considered.

There is no referral fee or opportunity to earn income from this type of referral. However, it does allow you to provide the best possible assistance to your low income customers and possibly at some later date, make them a loan that you will get paid for. If you have questions on the Section 502 Direct Loan Program, please contact the Rural Development office in your area at: <http://www.rurdev.usda.gov/wi/contact/rdooffices.htm>

FREQUENTLY ASKED QUESTIONS

- Q. When will the automated underwriting system for GRH loans become available?**
- A.** The Guaranteed Underwriting System (GUS) has been in the development and testing stages during the past year. Twelve states and fifteen lenders participated in the pilot program to get GUS ready for nationwide implementation. A controlled rollout of GUS is beginning this month with the addition of other states and lenders in phases. E-training modules are being developed for lenders and Agency staff to assist with training needed to utilize our web based automated underwriting system. In Wisconsin, we are hoping to have access to GUS sometime this summer. Some of the benefits of using GUS include: loan approvals within seconds; submitting streamlined documentation for "Accept" files; expanded repayment ratios (beyond existing guidelines) for borrowers with strong credit profiles. We will keep you advised of future GUS enhancements as they become available.

Do you have a GRH question that you need answered and you think might benefit others using the GRH Program?

Please send your question to RD.SFH.SO@wi.usda.gov for a quick answer and to have the question included in a future newsletter.



Verify
Income Limits & Eligibility
and Property Eligibility by
clicking [here!](#)