

SPECIAL POINTS OF INTEREST

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SUBSCRIBE TO RD LISTSERV

DEDUCTIBILITY OF GUARANTEE FEE

GIVE US A CALL!

Contact us at Rural Development to help you finance a home, multi-family housing, business, community facility or water and waste system in a rural area.

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FY 2007 Funding & Reservation of Funds

Thanks to your efforts, we were able to issue Conditional Commitments on 580 loans for over \$61.5 million. **Ample funding should remain available throughout the remainder of this fiscal year.** Please continue faxing Form RD 1980-86, "Request for Reservation of Funds", to Rural Development as part of your loan processing. Please contact our Agency if you need to extend or cancel an existing Reservation of Funds request.

GUS Begins Controlled Rollout

GUS benefits the right lenders.

Currently GUS (Guaranteed Underwriting System) is a direct data entry system, meaning applications must be manually entered into GUS. Lenders presently utilizing DU/DO/LP or other loan origination systems (LOS) to enter their applications will not be able to import them into GUS at this time. GUS will benefit many approved lenders in its current functionality. However, many lenders may wish to wait until additional enhancements (import/export LOS capabilities and broker assignment functions) are up and running.

GUS incorporates the underwriting requirements of RD Instruction 1980-D while utilizing a modified TOTAL scorecard and a rules based engine in a web-based automated underwriting environment. GUS will provide lenders with fast loan decisions as well as offer additional benefits which include:

- Consistent and objective loan decisions nationwide
- Ease of use: simple and available 24 hours a day to users
- Increased credit quality of guaranteed

loans

- Lower processing time and origination costs to lenders: GUS IS FREE
- Improved service to approved lenders, streamlined documentation options and faster turnaround times for conditional commitments
- Automated property and income eligibility determinations in seconds

Manually entering a loan into GUS and receiving a loan recommendation may add 10—30 minutes of additional processing time depending upon the data entry abilities of the user. Once import/export functionalities are developed and implemented, the estimated processing time will be significantly reduced.

Loans submitted to GUS receive one of three feedback messages:

- **Accept:** Submit only the URAR appraisal, flood determination certificate, and a signed 1980-21. Conditional commitment will be issued within 24 hours.

- **Refer** or **Refer with Caution:** Do not conclude that the application fails to meet minimum agency standards. Refer and Refer with Caution files should be manually underwritten with minimal essential documentation submitted (AN 4278) to Rural Development. Conditional commitments will be issued within 24-48 hours.

An additional feature GUS provides is the "Underwriting Findings Report" which indicates what items (if any) GUS identified as risks. Lenders will be able to address any noted concerns to speed the underwriting process.

Use of GUS is *not mandatory* at this time; however, **approved lenders interested in participating are encouraged to contact Rural Development for more information.**



Who Is Ready for GUS?

Set the proper expectations.

Not every lender will be ready to use GUS just yet! Please note that currently each application must be manually entered into GUS. This may add up to 10—30 minutes additional processing time depending upon the data entry abilities of the user.

GUS files that receive an “Accept” have reduced documentation options which will in turn reduce underwriting and processing time. (URAR, flood determination, and signed 1980-21).

GUS files receiving a “Refer” or “Refer with Caution” will be submitted business as usual; however, the GUS “Underwriting Findings Report” will pinpoint the areas of concern which will reduce underwriting time.

Regardless of feedback message, (Accept/Refer/Refer with Caution); lenders will enjoy these GUS benefits today:

- **Receive consistent loan decisions nationwide**
- **Identify and address agency concerns prior to Rural Development submission**
- **Credit bureau interface available, easy to link credit**
- **1003/65 Application and 1980-21 are available to print which saves time**
- **Fast property and income eligibility determinations**
- **Many more benefits**



**IT'S GOOD,
BUT IT'S
GOING TO BE
GREAT!**

Lenders should determine if GUS is right for them today.

If some lenders opt to wait until future enhancements and functionality are in place, that is ok!

E-Learning Module for GUS

The USDA LINC website: <https://usdalinc.sc.egov.usda.gov/> has two professionally developed e-Learning modules designed for lenders.

- Click on *RHS LINC Home* and you will go to a screen with a link to the "Training and Resource Library" shown on the left hand side, under the heading of Single Family Guaranteed Rural Housing.
- Click on the *Training and Resource Library* link to view the available training materials, documents, and resources for the GRH program.

The GUS Security Administrator for each lender should complete the Lender e-Auth Training for SFH module.

Underwriters and loan originators will benefit from completing the GUS Lender Overview Training module (est. less than a hour to complete). This training is presented from the lender's perspective and explains the process of how to enter loans into GUS for submission to the Agency for a Conditional Commitment.

Servicing AN Re-Issued

“Lender Real Estate Owned Property Disposition Plans”

On June 14, 2007, *RD AN 4287*, “**Single Family Housing Guaranteed Loan Program: Lender Real Estate Owned Property Disposition Plans**”, was issued to replace *RD AN 4184* with the same title. It also incorporates the guidance found in *RD AN 4122* that dealt with occupied REO property.

This AN clarifies the content and submission of property disposition plans as well as the management of occupied REO property.

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

**Click [here](#) to view a
complete listing of AN's.**

Subscribe to RD LISTSERV

A new service is now available to our lending partners. LISTSERV is an automatic mailing list that you sign up for to receive immediate updates regarding GRH loan origination or servicing issues.

Topics and updates will include Administrative Notices (AN's), program funding levels, policy issues, loss mitigation, REO Servicing, and the soon to be released GUS (Guaranteed Underwriting System).

Register in Just 3 Easy Steps!

Step 1:

Go to www.rdlist.sc.egov.usda.gov/listserv/mainservlet

Step 2:

Enter your email address

Step 3:

Select the type of updates that you wish to receive (origination, servicing, or both).

Deductibility of Guarantee Fee

Is the guarantee fee tax deductible?

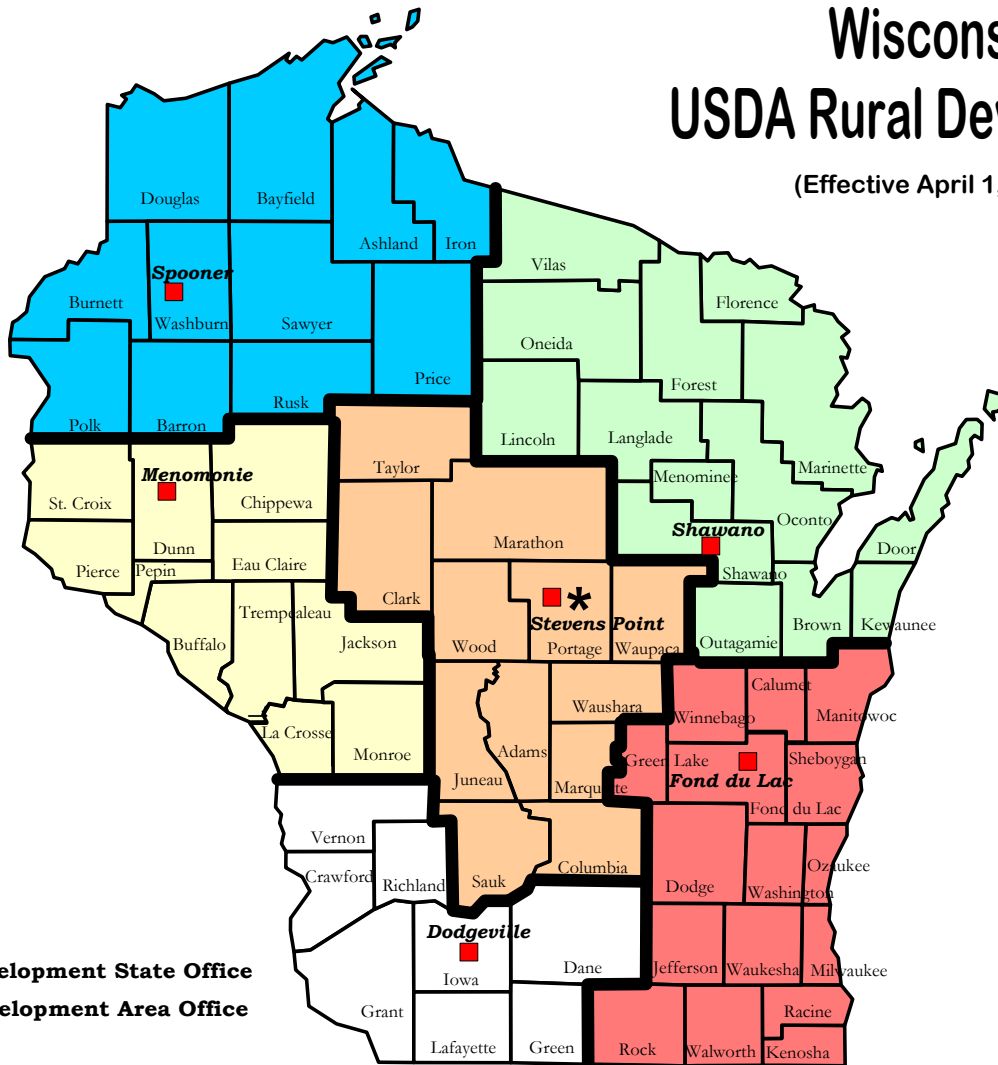
In light of the recent eligibility of mortgage insurance premiums to be considered deductible in the same manner as mortgage interest, USDA Rural Development contacted the Internal Revenue Service to determine if this applied to our guarantee fee as well.

The Internal Revenue Service responded that the Rural Development guarantee fee constitutes a “premium paid or accrued for qualified mortgage insurance” and was therefore, deductible in the same manner.

Thus, a borrower may deduct all or any portion of the guarantee fee that they actually paid in 2007. It is recommended that borrowers contact an accountant or income tax professional if they need information on this topic.

Wisconsin USDA Rural Development

(Effective April 1, 2007)



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