

USDA Delaware and Maryland Rural Development Housing Programs Lender Update (November 2015)

Message from State Director Bill McGowan



Lender partners, this is a quick update from Delaware/Maryland USDA Rural Development. As you know since June 2014, we have convened several members of the lender community to serve on a committee for our Single Family Housing Guarantee Loan Program

(SFHG). October 13, 2015 marked our third gathering and a chance to continue the conversation between USDA RD staff and our lending partners. As we work to keep the lender community informed, these conversations remain incredibly important to our organization. With Fiscal Year 2015 behind us, now is the perfect time to update you on the progress made as a result of our continuing conversations, to share our end of the year SFHG numbers with you, and to give you a brief preview of what this year will bring.

Delaware FY 2015 Single Family Housing Programs				
Product	Allocation	# of Homes	Total \$ Spent	% of Allocation Spent
502 Guaranteed	\$86,039,061	676	\$133,945,296	155.7%
502 Direct	\$5,359,722	31	\$5,464,547	102%
504 Loan	\$76,621	2	\$8,040	12.9%
504 Grant	\$76,621	7	\$52,390	68.4%

Maryland FY 2015 Single Family Housing Programs				
Product	Allocation	# of Homes	Total \$ Spent	% of Allocation Spent
502 Guaranteed	\$253,724,132	2,484	\$506,790,812	199.7%
502 Direct	\$8,694,285	57	\$9,897,365	113.8%
504 Loan	\$193,300	9	\$72,166	37.3%
504 Grant	\$242,253	26	\$155,101	64%

A Successful 2015

FY15 brought national recognition to our Single Family Housing Loan Program (SFH) for its hard work in Delaware and Maryland. Spending in our Single Family Housing 502 Guaranteed and 502 Direct programs exceeded their allocated amounts. And while we did not utilize all dollars allocated to our 504 repair programs due to the challenging nature of lending within these programs, we still received national recognition for our hard work across the board. Furthermore, we never went over the promised 10 business day turnaround time. At times, we were even providing a 1 to 2 business day processing time.

Updates on Our Progress

The last year and a half brought positive change to our Single Family Housing Guarantee Loan Program (SFHG). Enhancements in our automation process, new staff members, and a new tracking system all improved our SFHG program operations and kept our processing work steady. We continue to hold processing time under 10 business days and, with around 104 loans in the pipeline at all times, we pledge to keep doing so.

Each day we push out the message that when approving loans, we check to make sure the loans are made in accordance with our regulations. We want the underwriters at our lending partners to feel comfortable in knowing that these loans are theirs to write, and we simply check them against the standards put forth by our regulations. We also want clients, real estate agents or other stakeholders to understand that if they have questions regarding their loans, they should directly contact their lending institution to find answers.

In support of this messaging and in keeping to our 10 business day processing pledge, we would like to make you aware of some issues that can impede our processing time:

- Requests for status reports can slow us down, as every status report we provide takes specialists' time away from processing. Please continue to monitor the website. If you need a time frame, we will not exceed a 10 business day turnaround time.
- If underwriters have questions, encourage them to search for an answer in our regulations. If they are unable to find an answer or need assistance with interpreting a regulation, please have them contact us using our housing@de.usda.gov email.
- Poor submissions with inaccurate data affect our turnaround time. Please work to ensure that all data is entered accurately when submitting loans for processing.
- Realtor Administration Fees cannot be financed or paid by seller concessions. If the buyer pays the fee it should be listed on the HUD-1 Sheet as Paid Outside of Closing (POC).
- Some lenders still mail us paper checks as opposed to using GUS. Based on the current regulation, lenders still have the legal right to use paper checks, however please note that the use of paper checks takes our time away from processing.

What's Coming Next?

In the upcoming year, we expect demand for our Single Family Housing Guarantee loan product to remain strong. Through our conversations with the lending community, we realize that our direct customer contact and outreach efforts suffer because of the volume of loans we process. We hope to explore this issue this year. Another potential change in a very exploratory phase is how we internally submit appraisals for review. There is currently no set date for this change and we will continue to keep you updated as details are released.

USDA Rural Development values the strong relationships it has with our lending community. We are working continuously to keep you informed and provide quality servicing regarding our loan products. We look forward to working with you again during this fiscal year.

A big thanks to your colleagues from the lending community who spent time with us thinking about how we all can work better together!

Sincerely,



William A. McGowan, Ed.D

DE/MD State Director

USDA Rural Development
