



January 21, 2015

Top Lenders and Funding Update

Recognizing Iowa's Most Active Mortgage Lenders

Below are the most active lenders who used USDA Rural Development's guaranteed home loan program to help rural Iowans achieve their homeownership dreams in 2014.

2014 Loan Origination

Wells Fargo Bank N.A. – 132 loans totaling \$13,494,990

Residential Mortgage Network – 122 loans totaling \$15,562,555

Lincoln Savings Bank – 111 loans totaling \$12,408,621

Northwest Bank – 78 loans totaling \$7,573,822

Compass Mortgage – 70 loans totaling \$8,261,936

Lenders originating more than 50 loans in 2014: **Premier Home Mortgage, Ackley State Bank, Citizens First National Bank, Team USA and United Bank of Iowa**

2014 Loan Writing

Wells Fargo Bank N.A. – 159 loans totaling \$17,005,273

Iowa Bankers Mortgage – 156 loans totaling \$12,548,722

Residential Mortgage Network – 122 loans totaling \$15,562,555

Lincoln Savings Bank – 111 loans totaling \$12,408,621

Northwest Bank – 78 loans totaling \$7,573,822

Lenders writing more than 50 loans in 2014: **American Southwest Mortgage Corp., Compass Mortgage, Premier Home Mortgage, Ackley State Bank and United Bank of Iowa**

Plenty of Funding Available for USDA Guaranteed and Direct Home Loans

An abundant amount of funding is available for USDA Rural Development's guaranteed and direct home loan programs this year. Last year the programs provided \$246 million to help more than 2,400 Iowa households with their home purchases.

USDA Rural Development's home loan programs offer competitive interest rates, fixed terms and require no down payment to help eligible families living in rural communities and areas purchase new or existing homes. Loans, and some grants, are also available to help families make needed repairs to their homes.

In most cases a family of four with an adjusted annual income of up to \$74,050 may qualify for the agency's guaranteed home loan program. If that same family of four's adjusted annual income is less than \$47,850 they may also qualify for a direct loan from the agency. These income limits increase in communities located near metro areas.

Processing Information

USDA's Guaranteed Rural Housing Program Implements Recent Regulation Change

USDA Rural Development's Guaranteed Rural Housing (GRH) loan program implemented Regulation 3555 on December 1, 2014, which replaces RD 1980-D Instruction.

The regulation, technical handbook and respective forms can be found at <http://www.rurdev.usda.gov/RegulationsAndGuidance.html>

All new loan applications received are subject to the requirements of the new regulation.

Origination and servicing training sessions have been recorded and can be found at <https://www.webcaster4.com/Webcast/ListenPage?companyId=694&webcastId=6596> and <https://www.webcaster4.com/Webcast/ListenPage?companyId=694&webcastId=6630>

Some of the eligible property changes are as follows:

- In-ground swimming pools are allowed without deducting the contributory value.
- Lenders will verify the property is not income producing. The value of outbuildings no longer needs to be deducted from the appraised value to determine the maximum loan amount. The property must be predominately residential in character, use and appearance and not income producing.
- Escrow is allowed for interior and exterior work.

- Flood elevation certifications are no longer required on existing homes. If any portion of the dwelling or residential improvements is in the flood plain, flood insurance must be obtained.
- Manufactured homes require that the foundation meet HUD handbook 4903.3 guidelines from a licensed engineer or registered architect

Tips to Submit a Complete Application

USDA Rural Development will **not** put application packages in line for processing until they are deemed complete. The Rural Development office will return any incomplete application packages, including those containing inaccuracies or missing documents, to the submitting lender and those packages will go to the back of the line when re-submitted.

Please help us by reviewing the following guidance to ensure your submission is complete and error free. By spending a few extra minutes to confirm that your loan applications are complete before submitting them to USDA Rural Development, you can avoid having them returned to you or reassigned in the processing queue.

We ask that you share the following information with your staff that process, underwrite and close Rural Development guarantee requests:

Tools have been developed to help you assemble and submit a complete package. The tools are available as fillable documents on USDA LINC under the heading “Loan Origination” at <https://usdalinc.sc.egov.usda.gov/USDALincTrainingResourceLib.do#loanorigination>.

- Available tools include:
 - Lender’s Origination Stacking Order Checklist
 - Lender’s Loan Closing Stacking Order Checklist
- Please make sure to submit only those documents noted. Sending additional documentation will delay the review process and impede timely response to your request.
- Please don’t make multiple requests for application status updates or repeatedly petition the Rural Development office to speed the processing of your loan.
- Applications can only be processed in the order they are received and deemed complete.
- Ensure your lender contact information is accurate on Form RD 3555-21, “Request for Single Family Housing Loan Guarantee.” Agency reviewers will contact the person listed on Form RD 3555-21 with questions or requests for supplemental information.
- Confirm data integrity. Data must be complete and consistent across all verification documents such as the appraisal, the verification of employment, etc. Data integrity is a critical element.
- USDA’s Guaranteed Underwriting System (GUS) issues quality control (QC) messages for randomly selected files. QC messages 31062 or 31067 require lenders to send full

documentation files, even if the result was an “Accept,” as outlined in the *Lender Origination Stack Checklist* mentioned earlier. Credit or repayment ratio documentation/justifications are not required for a GUS loan selected for QC receiving an “Accept.”

- Review the terms and conditions of Form RD 3555-18, “Conditional Commitment for Single Family Housing Loan Note Guarantee.” If underwritten with the assistance of GUS, conditions include those noted on the “GUS Underwriting Findings Report.” When a commitment is received, you may proceed in one of three ways:
 - Accept the terms and conditions of the commitment and close the loan at or below the interest rate and amount of loan indicated on the commitment; or
 - request a modification of commitment from Rural Development **PRIOR** to closing the loan. The modification you request could, for example, be an increase in the loan amount, an increase in the interest rate or amending the conditions of the commitment; or
 - reject the commitment and cancel your request.
- Once the Conditional Commitment is issued, GUS will only allow you to adjust data input related to:
 - modifications that would increase the loan amount or interest rate authorized on the commitment;
 - an increase in liability, a decrease in assets, a decrease in repayment income or other changes taking place after the commitment was issued which would adversely affect the credit quality of the loan.
 - a change in escrow payment amounts representing more than a 2% after the commitment was issued.

Most Common Application Errors

Here are some of the most common application errors:

- “*Worksheet for Documenting Eligible Household and Repayment Income*” is not submitted or contains errors. For example, if the income on the worksheet doesn’t match GUS or RD Form 3555-21, the processing of your request could be delayed or the case returned to you.
 - The worksheet is available in a fillable format under “Loan Origination” on USDA LINC: <https://usdalinc.sc.egov.usda.gov/USDALincTrainingResourceLib.d>
 - Pages 1 and 2 should show the **Annual Income** and page 3 should show the **Monthly Repayment Income**.
 - Repayment income represents the parties to the note who will repay the loan request.
 - Annual income is calculated one time to qualify the HOUSEHOLD for the loan program.

- Net family assets with a cumulative total of \$5,000 or greater has to be considered in the annual income calculation. The greater of the actual income derived from all net family assets or a percentage of the value of such assets based on the current passbook savings rate must be considered when calculating annual income and that income must be reported on the *Worksheet for Documenting Eligible Household Income*.
- All household members need to be listed on the worksheet and the breakdown of the income calculation is required.

If GUS detects a borrower on the application is also associated with other submissions in GUS, you should research the matter and provide us with an explanation regarding the reason for multiple applications. Loans that are underwritten with the assistance of GUS and receive a “Refer” or “Refer with Caution” become manually underwritten loans.

Thank you for your continued support and use of USDA Rural Development’s Guaranteed Rural Housing program. Please contact LindaKay Rhoades at Linda.Rhoades@ia.usda.gov or (515) 284-4723 with any questions.



[Contact Us](#)
210 Walnut Street, Room
873
Des Moines, IA 50309
(515) 284-4663

STAY CONNECTED:

