



Single Family Housing Guaranteed Loan Program

February 21, 2014

News Flash

2014 Income Eligibility Guidelines Announced

The 2014 adjusted income eligibility guidelines for USDA Rural Development's Single Family Housing Guaranteed Loan program can be found on the Iowa Rural Development web site http://www.rurdev.usda.gov/IA_lr_mort_participating_lender.html.

The Guaranteed Underwriting System (GUS) and the Income Eligibility calculator found on the national Eligibility web site have now been updated with the new income limits <http://eligibility.sc.egov.usda.gov>.

New Regulation to Replace 1980-D

All USDA Rural Development guaranteed home loan applications received on or after September 1, 2014 must be completed in accordance with the Code of Federal Regulation (CFR) Part 3555 replacing RD Instruction 1980 Subpart D.

Lenders are encouraged to sign up to receive regular announcements for the most up-to-date information about CFR Part 3555 by visiting <http://www.rdlist.sc.egov.usda.gov/listserv/mainservlet>.

[CFR Part 3555](#) incorporates some important changes that position USDA's guaranteed home loan program to meet the needs of today's rural homebuyers.

Here are just a few changes lenders can expect on September 1.

- Expanded lender eligibility for approved lender status to additional federally supervised lenders, such as members of the FDIC, NCUA, OTS, OCC, and the FHLB
- New construction-to-permanent loan feature to encourage construction lending in rural areas with less risk to lenders
- No restrictions on dwellings with in-ground pools
- Elimination of flood elevation certificates for dwellings located in flood zones
- New delegated authority to eligible servicing lenders that will allow them to approve loss mitigation and property disposition plans without USDA review

Loan Processing and Closing

Form AD 3030 Not Needed

Applications submitted to USDA Rural Development's guaranteed home loan program from now until September 30, 2014 do not need to include Form AD 3030. The 2014 appropriations bill did not include the corporate felony/tax delinquency restrictions.

Inaccurate Data and Incomplete Applications Delay Conditional Commitments

Lenders are responsible for loan data integrity and ensuring all loan level data is valid prior to final submission to USDA Rural Development when requesting a Conditional Commitment for a Loan Note Guarantee.

Please **verify all data** entered into the Guaranteed Underwriting System (GUS) **is accurate** and **all required documentation is submitted** to USDA Rural Development to avoid delays in receiving a Conditional Commitment within 24 hours.

Ensure Accurate Estimates for Property Tax and Insurance

Approved lenders must ensure that an accurate estimate for the property tax and insurance component of an applicant's monthly mortgage payment is utilized when submitting loan applications for Conditional Commitments.

Minor changes to the escrow portion of the monthly housing expense do **not** require the mortgage application to be reconsidered. It is **not** necessary to perform an updated underwriting analysis when monthly tax and insurance estimated do not increase the payment-to-income principal, interest, taxes and insurance (PITI) and debt-to-income total debt (TD) ratios by more than two percentage points at loan closing.

Loan Data Changes Must Meet Guaranteed Home Loan Program Requirements

If the loan data changes once a Conditional Commitment for Loan Note Guarantee is issued by USDA Rural Development, the lender must ensure that the loan continues to meet all Single Family Housing Guaranteed Loan Program requirements.

If the loan data is adversely affected, meaning that additional credit risk is a result, the lender must follow the re-submission policy.

Data Modification/Loan Re-submission Requirements

Lenders are responsible for re-submitting the loan to GUS when material changes increasing credit risk are discovered. Material changes to credit risk should be communicated to Rural Development prior to loan closing.

Lenders must re-submit the loan through GUS for an updated evaluation when any of the events described below occur. Failure to do so could jeopardize issuance of a Loan Note Guarantee.

- Borrowers were either added or deleted from the loan.
- A decrease in the borrower's income and/or cash assets/reserves.
- An increase in loan amount or interest rate on the mortgage loan request.
- Any changes that would negatively affect the borrower's ability to repay the mortgage.
- Information regarding the property changes, such as a change in sale price or value.

In such cases, the lender must request Rural Development to release the loan back to the lender. The lender must then modify the data and resubmit the loan through GUS for an updated final underwriting recommendation.

Some data changes do not affect the outcome of an underwriting recommendation. For instance, loan data changes that do not represent an increase in credit risk do not require resubmission and/or modification.

Once a mortgage loan has been sent to Rural Development as a "Final Submit" the following data changes do not require that the GUS loan application be updated:

- A decrease in loan interest rate
- A decrease in loan amount
- A decrease of mortgage or personal liabilities
- An increase in assets

Any request to release a GUS record for data updates after issuance of a Conditional Commitment will be treated as a new request, processed in date order of applications received.

Sign Up for ListServ

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[Sign up](#) by checking the updates you wish to receive.



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