

UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL DEVELOPMENT
HARRISBURG, PENNSYLVANIA

TO:
State Office
Area Office
Local Office

STATE PROCEDURE
NOTICE

ISSUE NO. 282

DATE: 7/27/04

RURAL DEVELOPMENT MANUAL CHANGE

PA Instruction 2006-M

GENERAL: The Area Director Quarterly Oversight Report has been updated as follows:

1. Changed the format – one program area per page.
2. Identified reports (BRIO, etc.) where information should be obtained for SFH loan making and delinquency
3. Changed requirements for SFH oversight reviews. All Area Directors are required to conduct post reviews in each Local Office of at least three loans made/obligated during quarter. Additionally, post reviews of two rejected and one withdrawn applications in each Local Office are required.
4. Removed requirement for Graduation Reviews which are now completed by CSC.

Quarterly visits will be made to each Local Office by the Area Director (or designee). Exhibit A will be used to document program, administrative, and management control activities conducted by the Local Office staff during the quarter. A trip report shall be prepared documenting the activities discussed or accomplished during the visit.

The Area Director Oversight Trip Report includes items that are to be reviewed and/or discussed during the course of the fiscal year. Some items on the report are required by agency regulations; however, some of the items are key steps in accomplishing our goals. Various items listed on the trip report require annual, semi-annual, or quarterly reviews. Therefore, not all items will require discussion or review during every visit. By the end of the fiscal year; however, all items will be reviewed or discussed.

Once the trip report is completed, the Area Director (or designee) shall mail or e-mail their report to the State Director, **ATTN: Management Control Officer**. The MCO will forward the report to the necessary Program Staffs.

REMOVE – PA PN 277 dated 9/8/03

INSERT: PA PN 282 dated 7/27/04

SUBJECT: Area Director Oversight Trip Report
(insert quarter) Quarter, FY (enter FY)
(insert name) Local Office

REPORTS DUE
JANUARY 15 - 1ST QUARTER
APRIL 15 - 2ND QUARTER
JULY 15 - 3RD QUARTER
OCTOBER 15 - 4TH QUARTER

TO: Pennsylvania State Director
Rural Development

ATTN: Trudy Moore, Assistant to the State Director/MCO

A visit was made to the (insert name) Local Office (include Satellite locations if applicable) on (insert date). The following items were discussed:

A. ADMINISTRATIVE ACTIVITIES

1. Outstanding items from last visit which was conducted on (insert date):
2. Collection Review (monthly) - **PA PN 275 - Report Card 7**
3. Inventory of Debt Instruments (annual- July) - **PA PN 275 - Report Card 1**
4. Loans to Employees/Relatives (annual) - **PA PN 275 - Report Card 14**
5. Mid-Year Performance Review Conducted (due April 30)
PA PN 275 - Report Card 15
6. Year-End Performance Review Conducted (due October 30)
PA PN 275 - Report Card 15
7. Performance Plans Developed (**due October 30**)
8. Individual Development (Training) Plans Developed (due October 30)
9. Open State Internal Reviews, OIG Audits or Investigations or Whistleblower Hotline Complaints?
10. Any areas that require the State Office attention or other follow-up action?

B. SINGLE FAMILY HOUSING:

- Funds Usage – Review most current information on loans/grants made available through F/O Report 205A, SFH “Funds Usage Report”, UniFi Application Processing Reports, and PRO Card information.

Total Applications Received FY to date _____

Total Applications Obligated FY to date _____

Total Applications Withdrawn FY to date _____

Total Applications Rejected FY to date _____

Total Applications “on hand” FY to date (received, but not obligated, withdrawn or rejected) _____. Are hard copies of waiting lists printed and filed in operational files to document that applications were processed in the correct order (HB_1-3550-3.13)?

- Servicing
 - Delinquency – Run BRIO report “District Summary of Active Monthly New Loans”. Use data from the last month of the previous quarter (see table below):

Quarter	Date of BRIO Data
1 st	September 30
2 nd	December 31
3 rd	March 31
4 th	June 30

- Local/Area Office 1st Year Delinquency _____
 - Review Account Summary of Active Monthly New Loans (attach report to A/D copy of this report) and discuss actions needed for accounts listed as delinquent. How many first-year accounts are delinquent _____? What are the circumstances of each _____? Were the delinquent accounts granted compensating factors _____ (if so, be sure to include these accounts in the post reviews listed below)?
 - Conduct post reviews (use Attachment A) of a representative sample (at least three) of all loans made (obligated) during the quarter (ensure all loan officer’s loans are included by end of FY). Attach original post reviews to A/D copy of this report and email post reviews with this report to State Office.
 - Using Attachment B, conduct post reviews of at least two rejected and one withdrawn application during the quarter.
 - Compliance Reviews conducted FY to date _____. Compliance Reviews due by the end of the FY _____.

C. MULTI-FAMILY HOUSING

- Multi-Family Housing (includes Guaranteed and Housing Preservation Grants) -
Review status of applications/pre-applications on hand

Applications Received During Quarter _____
Applications Approved During Quarter _____
Applications Rejected/Withdrawn During Quarter _____
Applications "on hand" at the end of Quarter _____

Any applications require assistance from the State Office?

- Servicing
 1. MFIS Servicing Goals (quarterly) - **PA PN 275 - Report Card 17**
 2. Compliance Reviews conducted FY to date _____. Compliance Reviews due by end of FY _____.
 3. Reports of Unliquidated Obligations (RC 743 AMAS) filed and forwarded to Program Director (annual - September 30).
 4. Classification Report (RC 836) annual, September 30, filed and forwarded to Program Director.
 5. Review of Incomplete Development - all loan types(annual)
PA PN 275 - Report Card 2

D. COMMUNITY PROGRAMS (WATER/WASTE AND COMMUNITY FACILITY)

- Water and Waste Programs - Review status of applications/pre-applications on hand

Applications Received During Quarter _____
Applications Approved During Quarter _____
Applications Rejected/Withdrawn During Quarter _____
Applications "on hand" at the end of Quarter _____

Any applications require assistance from the State Office?

- Community Facility - Review status of applications/pre-applications on hand

Applications Received During Quarter _____
Applications Approved During Quarter _____
Applications Rejected/Withdrawn During Quarter _____
Applications "on hand" at the end of Quarter _____

Any applications require assistance from the State Office?

- Servicing (Water/Waste and CF) - Review projects under construction and unliquidated obligations

1. Graduation Reviews (annual) - RUS/CF - **PA PN 275 - Report Card 6**
2. Compliance Reviews conducted FY to date _____. Compliance Reviews due by end of FY _____.
3. Reports of Unliquidated Obligations (RC 743) filed and forwarded to Program Director (annual - September 30).
4. Classification Report (RC 836) annual, September 30, filed and forwarded to Program Director.

E. RURAL BUSINESS AND COOPERATIVE DEVELOPMENT PROGRAMS

- Review status of applications/pre-applications on hand

Applications Received During Quarter _____
Applications Approved During Quarter _____
Applications Rejected/Withdrawn During Quarter _____
Applications "on hand" at the end of Quarter _____

Any applications require assistance from the State Office?

- Servicing
 1. Compliance Reviews conducted FY to date _____. Compliance Reviews due by end of FY _____.
 2. Reports of Unliquidated Obligations (RC 743) filed and forwarded to Program Director (annual - September 30).
 3. Classification Report (RC 836) annual, September 30, filed and forwarded to Program Director.

Single Family Housing Oversight Review

Borrower Name _____ **Loan Originator** _____

Account No.:			
Date review was completed:		County Name:	
RHS Loan Amount: \$		RHS % of Total:	
Leveraged Loan (LL) Amount: \$		LL% of Total:	
LL Amount: \$		LL% of Total:	
Grant Amount: \$		Grant % of Total:	
Grant Amount: \$		Grant % of Total:	
Appraised Value: \$			
Date loan was obligated:		Date loan closed:	
Check if applicable:	RHLP Loan:	CDFI Loan:	Self-Help Loan:
Account status as of date of review:			
Check if applicable	Loan in Foreclosure	Borrower in Bankruptcy	Loan in Moratorium
	Delinquency Workout Agreement in Effect		

I. CREDIT:

1. Date of the last residential mortgage credit report (RMCR): _____
2. Does the credit meet the standards outlined in the 7CFR 3550.53 (h) and HB-13500, Chapter 4, Section 3?
 _____ (YES) _____ (NO) If not, explain.
3. Was a waiver granted if the credit requirements were not met? _____ (YES) _____ (NO)
4. Was the Form RD 1944-61, "Credit History Worksheet" used to summarize the credit history?
 _____ (YES) _____ (NO) If not, explain.

Borrower Name: _____

II. RATIOS:

1. The PITI and TD ratios at loan closing: _____% and _____% (respectively).
2. Were the ratio calculations completed in UniFi? _____(Yes)_____ (No). If not, explain.
3. Did the ratios meet the requirements outlined in the 7 CFR 3550.53 (g) and HB-I-3550, Chapter 7, Section 4? _____ (Yes) _____(No). If not, explain.
4. For leveraged loans, was the lender's payment considered in both the PITI and TD ratios? _____ (Yes)_____ (No). If not, explain.

III. VERIFICATION/CALCULATION OF INCOME AND ASSETS:

1. At the time of eligibility determination, loan obligation/approval, and loan closing, were the income verifications valid (less than 90 days old from the date of the action unless orally re- verified when the written verification expired thus extending the verification an additional 60 days)? _____(Yes) _____(No). If not, explain.
2. Did the income meet the requirements outlined in the 7 CFR 3550.53 (a) and (g) and HB-I-3550, Chapter 4, Sections 1 and 2? _____(Yes) _____(No). If not, explain.

IV. PAYMENT ASSISTANCE AGREEMENT:

1. Date of Form RD 1944-14, Payment Assistance/Deferred Mortgage Assistance Agreement: _____
2. Was the form completed in accordance with the 7 CFR 3550.68 and HB-I-3550, Chapter 7, Section 3? _____(Yes) _____(No). If not, explain.
3. Date the agreement was activated in FASTeller: _____
4. Was the agreement activated timely and properly? _____(Yes) _____(No). If not, explain.

Single Family Housing Withdrawn/Rejected Review

Applicant's Name: _____ Account Number: _____

County _____ Loan Originator _____

1. Application Rejected Withdrawn - reason for rejection/withdrawal
2. Was the applicant's PITI and TD ratio calculated correctly? Yes No
3. Were all sources of income considered? Yes No
4. Were all allowable deductions made? Yes No
5. If the applicant lacked adequate repayment ability, were they counseled about adding additional parties to the note or locating a cosigner? Yes No N/A
6. If the applicant's adjusted income did not exceed 60 percent of the applicable area median income and the conditions outlined in HB-I-3550 Chapter 7 were met, was a 38-year term considered? Yes No N/A
7. If the applicant's family was experiencing unreimbursed medical expenses in excess of 3 percent of annual income, was the applicable asset limit increased by the amount of the medical expenses in excess of 3 percent of annual income? Yes No N/A
8. Were any of the following compensating factors applicable but not considered in the eligibility determination?
Yes No N/A
 - Payment History: The applicant historically paid a greater share of income for housing with the same income and debt level.
 - Savings History: The applicant had accumulated savings and a savings history that showed a capacity to set aside a larger-than-average portion of income.
 - Job Prospects: The applicant recently entered a profession in which he/she could expect a significant pay increase.
 - Adjustments for Nontaxable Income: The applicant had a source of income not subject to Federal taxes, which could be grossed up.
9. If the applicant had credit blemishes, did the local office explore the reasons behind the occurrences to ascertain if a credit waiver was feasible? Yes No N/A
10. Were applicable appeal and ECOA rights provided? Yes No