

REPORTING REQUIREMENTS – NON FORMS

Attachment 3-J, checklist of items to accompany the uniform residential loan application

In order for a Section 502 direct loan application to be considered complete, the applicant must complete/sign the application form and provide all the applicable items to accompany the application.

Certificate of homeownership education

Applicants that are first time homebuyers are required to take a homeownership education course from an Agency-approved provider and provide a certificate of completion.

Certified packaging process: application to be an intermediary

Approved intermediaries are nonprofit organizations that are engaged in affordable housing and are in good standing in the state(s) of their operation. Approved intermediaries perform quality assurance reviews on loan application packages prepared by certified packaging bodies, recruit certified packaging bodies, and provide supplemental training, technical assistance and support to certified packaging bodies. To apply to be an Agency-approved intermediary, an interested party must furnish sufficient documentation to demonstrate to the Agency's satisfaction that they meet each of the conditions specified in 7 CFR 3550.75(b)(3).

Certified packaging process: intermediary's annual report on certified packaging bodies funneling through them

Agency-approved intermediaries must complete this report to confirm the eligibility of certified packaging bodies funneling applications through them.

Certified packaging process: items needed over and above Attachment 3-J

In addition to helping the applicant complete the application form and gather the items in Attachment 3-J, packagers must complete the worksheet for computing income and the maximum loan amount calculator; they must provide a copy of the credit report they obtained and provide their preliminary credit analysis; and they must provide a loan application narrative which includes an eligibility analysis (income, creditworthiness, repayment ability, and payment shock (if applicable)), support of any exceptions being requested, and an overall recommendation on the loan application request.

Certified packaging process: disclosure letter

Loan application packagers are required to issue a disclosure letter to potential applicants who appear eligible for the Section 502 direct loan program. The disclosure, which requires the potential applicant's signature, informs the potential applicant that the packager does not work for the Agency; of the packaging fee; that they may work directly with the Agency and avoid the packaging fee; and the Privacy Act waiver.

Notification of continued interest

The programs' waiting list is purged periodically to ensure that the Agency's records do not include applications from individuals that are no longer interested in the programs. When an applicant on the waiting list is sent Handbook Letter 3 (3550), Waiting Period, they must return the response form attached to the letter acknowledging their continued interest within 15 days of the date of the letter or their application will be withdrawn.

Withdrawal request

An applicant can withdraw their application at any time by writing or calling their local RD office.

Do Not Pay - applicant response to delinquent Federal debt

All direct single family housing applicants are checked against the Department of Treasury's Do Not Pay (DNP) portal. If DNP indicates that the applicant has a delinquent Federal debt, their application is suspended and they're notified of the reason for the suspension and provided the telephone number DNP lists as a point of contact for resolving the delinquency. If the applicant does not notify the Agency within 15 days that the problem has been resolved, their application is rejected.

Evidence of citizenship

RD has an interagency agreement with the Department of Homeland Security, U. S. Customs and Immigration Service to allow access to the Systematic Alien Verification for Entitlements (SAVE) database. This program enables RD field staff to obtain online immigration status information to determine a non-citizen applicant's program eligibility. Applicants that are non-citizens are asked to provide their Alien Identification Number so that RD can check it against SAVE.

Request for copy of tri-merge credit report

Upon receipt of a written request from the applicant, the Agency will provide a copy of the tri-merge credit report used by the Agency to determine the applicant's eligibility.

Oral verifications of employment

In origination, oral verifications of employment are conducted by RD staff to complement copies of an applicant's paycheck stubs if the applicant has worked for the employer for less than a year or other types of verifications are inconsistent or suspicious.

Appraisal

For origination, an appraisal is needed for initial Section 502 direct loans if the RHS loan is \$7,500 or more and the Agency's debt plus prior liens against the property will exceed \$15,000. For Section 504 loans, an appraisal is only needed if assurance is needed that the property will serve as adequate security. For servicing, an appraisal is needed in order for the Agency to subordinate its interests or to approve a partial release of security if the amount of consideration exceeds \$5,000. An appraisal is also needed to determine recapture and net recovery value

Whole house inspection

For an initial Section 502 direct loan to purchase an existing dwelling, the applicant must engage the services of a qualified inspector to perform a whole house inspection and certify that the dwelling meets the Agency's standards with respect to: (1) termites and other pests (this may be separate from the whole house inspection); (2) plumbing, water and sewage; (3) heating and cooling; (4) electrical systems; and (5) structural soundness. The inspection report must be a comprehensive document that meets the minimum standards of the professional home inspector associations.

Documentation on the construction quality of a new dwelling

For loans on new dwellings where the Agency did not monitor the construction, documentation on the construction quality is needed in order to provide 100 percent financing.

Title insurance binder

Provides the Agency and borrower with the preliminary results of the title company's title examination of the property to be financed.

Title insurance policy

Provides the Agency and borrower with the final results of the title company's title examination on the financed property.

Furnish documentation of hazard and flood insurance

Borrowers with loans against the property of more than \$15,000 are required to maintain hazard (homeowners) insurance on their property. Additionally, borrowers must maintain flood insurance when there is any form of federal financial assistance for the acquisition, construction, reconstruction or substantial improvement of any building located in a flood hazard area. Documentation of coverage is needed before or at loan closing; and as needed during the servicing of the loan.

List of items to accompany a manufactured dealer-contractor application

Along with Form RD 1944-5, Rural Development Manufactured Housing Dealer-Contractor Application, the interested party must provide a financial statement prepared by a certified public accountant and copies of their brochures, descriptive literature, guarantees, sales contracts, and price lists.

Check of references for a manufactured dealer-contractor application

RD field staff will call the interested party's trade and bank references as part of a review of an application to be an approved manufactured dealer-contractor.

Manufacturer's certificate of origin

The manufacturer of a manufactured home unit must provide a certificate of origin at loan closing to ensure that the manufactured home is free and clear of all legal encumbrances.

Conditional commitment change in price, plans, specifications

A contractor with an approved conditional commitment may request modifications to the commitment in writing.

Loan commitment from leveraged lender

A joint closing generally will be held for Agency and leveraged lender loans. If the leveraged loan will close after the Agency loan is closed, the leveraged lender must provide the Agency with a written commitment of the financing prior to the Agency's loan closing.

Required documentation from a leveraging lender

A copy of the mortgage, promissory note, evidence of title and hazard insurance, and closing documents for the non-Agency loan or grant must be provided for the borrower's case file.

Attachment 12-E, checklist of items to accompany the uniform residential loan application

In order for a Section 504 application to be considered complete, the applicant must complete/sign the application form and provide all the applicable items to accompany the application.

Attachment 12-F, Pre-Construction Conference

The Agency, the applicant(s), and the contractor(s) are required to hold a pre-construction conference using Attachment 12-F, Pre-Construction Conference prior to work commencing. The purpose of the conference is to ensure that each party understands their respective roles and responsibilities.

Missing borrower / determination of property abandonment

When the borrower is missing and/or the security property appears to have been abandoned, reasonable efforts will be made to contact people and/or companies that may have knowledge of the borrower's location and/or the occupancy of the security property.

Release of Decent, Safe, and Sanitary (DSS) restrictions

When a REO property does not meet the DSS standards, specific occupancy restrictions apply to the sale. When the owner repairs or corrects the DSS restrictions, the owner may request a release of the restrictive covenants.

Refinancing review

Section 502 direct loan borrowers are required to refinance to other credit when they are financially able to do so. When a borrower meets the criteria for this review, they are asked to refinance to other credit or document their inability to obtain other credit at reasonable rates and terms.

Documentation of inability to refinance

The Agency will continue with the borrower's loan if the borrower provides documentation that another lender denies their refinancing request or the borrower provides financial documentation that verifies their inability to obtain other credit.

Request to waive late or other fees

The Agency assesses late fees and charges for checks returned for insufficient funds. These fees may be waived if the documented circumstances were beyond the borrower's control or to encourage a borrower to agree to a delinquency workout agreement.

Final payoff request

When a borrower requests a final payoff from the Agency, they will need to provide a current appraisal or an arm's length sales contract along with other pertinent information (e.g. payoff date, added value of capital improvements, and estimated settlement statement).

Notification of insurance claim proceeds

Borrowers with insurance claims must contact the Servicing Center to establish a plan to repair or rehabilitate the security property.

Request for special servicing – delinquency workout agreements and moratoriums

A delinquency workout agreement permits a borrower to stop liquidation action by agreeing to pay, in addition to the scheduled payment, an extra amount that will bring the account current within 2 years or the remaining term of the loan, whichever is shorter.

A moratorium is an agreement between the Agency and a borrower to suspend the requirement for the borrower to make payments for up to a 2-year period. A moratorium is intended to help a borrower who is experiencing temporary financial difficulties avoid foreclosure.

To determine if a borrower qualifies for one of these special servicing options, the borrower must provide the pertinent information. If approved for the moratorium, the borrower must notify the Agency if there has been any change in their financial condition.

Offer to pay following an acceleration or a request for an extension

The foreclosure process is initiated with an acceleration notice. After acceleration of a loan, an offer to cure must be supported by the borrower's financial statement. A request for an extension of time to voluntarily liquidate must be supported by a sales contract.

Borrower's offer to repay

When RHS is considering implementing an administrative offset, the borrower receives a written notification of intent. The borrower may respond within 30 days with a written offer to pay the amount outstanding rather than have the same offset.

Borrower's request for a review regarding administrative offset

When RHS is considering implementing an administrative offset, the borrower receives a written notification of intent. The borrower may respond within 30 days with a written request for a review of the Agency's determination.

Borrower's request for records

When RHS is considering implementing an administrative offset, the borrower receives a written notification of the Agency's intent to seek an offset. The customer may respond within 30 days and request a copy of RHS records upon which the offset will be sought

Borrower's written agreement for a different repayment schedule

After the determination to implement a salary offset, the borrower may make a written request for a different repayment schedule.

Borrower's request to review IRS offset referral

Borrowers have the right to challenge the delinquency being reported to IRS for offset.

Collection efforts

The Agency contacts debtors to collect any outstanding debt after the security property has been liquidated or the debt fully matures. The debtor may be asked to provide financial information so that the Agency can determine their repayment ability.

Delinquent adjustment agreements

Debtors may enter into adjustment agreements that promise to pay a reduced debt amount over a fixed period in return for debt cancellation. In some cases, these borrowers may become delinquent on the agreed-upon payments. When this occurs, servicing officials will contact them to determine the reasons for the delinquency and request information to support the explanation for the delinquency.