TO: State Directors
   Rural Development

ATTN: Rural Housing Program Directors,
     Guaranteed Loan Specialists,
     Area Directors, and Area Specialists

FROM: Tammy Treviño  (Signed by Tammy Treviño)
   Administrator
   Housing and Community Facilities Programs

SUBJECT: Single Family Housing Guaranteed Loan Program
         Increasing/Decreasing Loan Amount
         Current and Prior Fiscal Years by Type of Assistance Code

PURPOSE/INTENDED OUTCOME:

This Administrative Notice (AN) provides guidance to Agency field staff on increasing, or
decreasing, the amount of obligation for a Single Family Housing Guaranteed Loan Program
(SFHGLP) loan for the various types of assistance codes, including a loan obligated with prior
fiscal year (FY) funds. Obligation date changes should be documented in the electronic record
of the Guaranteed Loan System (GLS) when applicable.

COMPARISON WITH PREVIOUS AN:

This AN revises and replaces RD AN No. 4412 (1980-D) dated January 5, 2009, which expired
December 31, 1999.

EXPIRATION DATE:  April 30, 2012
FILING INSTRUCTIONS:  Preceding RD Instruction 1980-D
**BACKGROUND:**

Increases in loan amounts, once a Conditional Commitment has been issued by Rural Development, will be restricted to $500 or greater. Requests to increase the obligation amount by less than $500, once the Conditional Commitment has been issued will NOT be processed by the Agency. Lenders are encouraged to underwrite and request the Conditional Commitment for Loan Note Guarantee for the maximum amount possible to avoid changes to the Conditional Commitment amount.

An enhancement to the GLS on December 6, 2010, revised the type of assistance codes (TOA) utilized in GLS and provided “on-line real time” for obligation and de-obligating guaranteed loans. By utilizing TOA 637 for purchase transactions and 638 for refinance transactions, states no longer are required to wait for confirmation overnight regarding obligated and de-obligated transactions. De-obligation of funds can be as little as one cent.

For those loans that remain obligated and un-closed prior to December 6, 2010, applicable to the TOA codes 096 for purchase transactions and 326 for refinance transaction, specific procedures must be followed for requesting a restoration of funds for prior year funds, increasing an obligation (patch-in-funds) or if a deobligation of less than $10.00 occurs.

**IMPLEMENTATION RESPONSIBILITIES:**

The following outlines the Agency’s procedures to follow when increasing or decreasing obligation amounts for obligations prior to December 6, 2010.

**INCREASING AN OBLIGATION: CURRENT FISCAL YEAR – TOA CODES 096 and 326:**

*Non-Guaranteed Underwriting System (GUS) Loans*

For loans created in GLS [without an application upload from the GUS] during the current fiscal year and the amount of the obligation increase is $500 or greater, the procedures below must be followed:

1. De-oblige the entire loan through GLS web screens by inserting zero (0) in the loan amount of the obligation page.
2. Press the Submit button.
3. Select the radio button “Do Not Withdraw.”
4. The above steps create a 1D transaction, which requires an overnight update to process. Once updated continue with steps.
5. Request “patch-in” funds the national office funding mailbox at: sfhld@wdc.usda.gov. Once funds are confirmed, continue with the below steps.
6. Re-approve the application by inserting the approval date on the GLS Application Screen.
7. Update the Guaranteed Rural Housing (GRH) request on the GLS obligation page for this borrower by increasing the Agency Approved Loan Amount.
8. Press the Submit button. This step will require an overnight batch update to process.
**GUS Loans**

For loans created in GUS during the current FY and the amount of the obligation increase is $500 or greater, the procedures below must be followed:

1. De-obligate the entire loan through the GLS Web screens by inserting zero (0) in the loan amount of the Obligation screen. Press the Submit button. Next, select the radio button “Withdraw application return loan amount to state available funds.”
2. From the GLS Single Family Housing menu, select “Guaranteed Underwriting.”
3. At the GUS Home page, select “Existing Application.”
4. A “Loan List” will appear. Find the loan in GUS by utilizing any of the key loan filtering options. The Loan List displays loans for the past seven days. Modify the “Beginning Date” to find loans obligated earlier than the seven days displayed.
5. Select the application by clicking on the link provided on the Loan List.
6. Open the “USDA Administration” page.
7. At the bottom of the page, select “Reinstate Application.” This selection activates the “Release Back to Lender” button located to the left of “Reinstate Application.”
9. Select the “Release Back to Lender” action button. This removes control from Rural Development and places update ability with the lender.
10. While the lender is correcting data, request “patch-in” funds from the national office funding mailbox at sfhgld@wdc.usda.gov. Once funds are confirmed, continue with the below steps.
11. Once the application is returned to the Agency with a final submission and additional funds are confirmed, the Agency will complete the USDA Administration page and select “Submit to GLS.”
12. Return to the “GLS GRH Request List” and retrieve the application.
13. Request the “Obligation Request” page and input the required data.
14. Press the Submit button. This transaction requires an overnight batch update.

**REQUESTING A RESTORATION OF FUNDS FOR PRIOR FISCAL YEAR (FY) FUNDS – TOA CODES 096 and 326:**

To increase the amount of an obligation that occurred in a prior FY and the amount is $500 or greater, **DO NOT** update the obligation via the GLS Web system. This type of transaction requires a restoration of funds for a prior fiscal. All requests are to be submitted directly to the Guaranteed Loan Branch in St. Louis, Missouri as follows:

- by fax to 314-457-4279,
- or scan the completed document and email it to your GLB accounting technician in St. Louis for your state. If your accounting technician is not known, contact the GLB at 314-457-4192, to determine who is assigned to your state.

Each request must include the following:
- Borrower Name
- Borrower ID
- Obligated Loan Amount and/or Original Amount of Conditional Commitment
- Date Obligated
- Current Status of Loan (reserved, obligated, closed, expired, withdrawn)
- New Loan Amount
- Type of Assistance Code
- Guaranteed Fee Percentage
- Appraised Value
- Has the Lender closed the Loan? Yes/No
- Date loan closed by Lender (if applicable)
- Reason for the increase/restoration of funds. Include if the Agency or Lender is at fault in the explanation.
- The obligation request screen printed off the GLS Web system with the correct figures written on the screen.

All requests to increase the obligation amount for a GRH loan with prior FY funds are subject to the availability of funds at the time of the request. The Guaranteed Loan Branch will make the required obligation amount change.

**PARTIAL AND FULL DE-OBLIGATION OF LOANS – TOA CODES 096 and 326:**

For loans obligated in GLS requiring a partial or full amount of the loan to be de-obligated, the de-obligation can be accomplished using the GLS.

If only a partial de-obligation of the SFHGLP loan is necessary, field staff can complete a partial de-obligation by decreasing the loan amount on the GLS obligation screen to the lower loan amount. The system will automatically initiate a partial 1D de-obligation transaction. For full de-obligations, change the loan amount on the GLS obligation screen to zero (0). The system will automatically initiate a full 1D de-obligation transaction. Users will be prompted to indicate if the loan should be withdrawn or should not be withdrawn and returned to "Approved Status."

**For TOA codes 096 and 326, de-obligations of less than ten dollars ($10) cannot be processed in the GLS system.** Follow the instructions provided for increasing the obligation amount by changing the loan amount on the GLS obligation screen zero (0) and creating a new obligation with the correct amount. Notify the national office funding box of the imminent transaction requesting the amount of funds to be retained in your state allocation as outlined above.

If you have questions regarding prior fiscal year obligations, contact the GLB at 314-457-4192, or your DCFO technician for your state.

Questions pertaining to this AN can be directed to Debbie Terrell at 918-534-3254 (debra.trell@wdc.usda.gov), Dean Daetwyler at 202-690-0514 (dean.daetwyler@wdc.usda.gov), of the Single Family Housing Guaranteed Loan Division, or the Guaranteed Loan Branch in St. Louis at 314-457-4192.