

## Notes from Laura Meadows: USDA Session at the HAC Conference

USDA goal for packaged loans this year is 25%. Previous year volume reached was 21%. Packaging is currently on target to hit 18%, however we are very early in the new fiscal year.

USDA has allowed for an increase in Packaging fees paid between Intermediaries and Packagers. This increase is meant to continue to grow the interest of partners to increase packaging efforts. For the 502 Direct Packaging program, the allowed fee will increase from \$1,500 to \$1,750. For 504 Direct Packaging, the fee will change from \$500 to \$750.

Currently USDA captures data to determine Packaging usage by COE's issued and closed loans. Fahe advised that they are losing valuable information for the growth of the program by not including all loans submitted to show the capacity of the Packagers, as well as USDA. USDA recognized this is true and are going to look at how they can capture this information as well to show how many clients are coming through the Packaging pipeline.

USDA is going to be exploring their ability to share their Underwriter Compliance Tool to help Packagers with application review.

When issues arise and discussions are being held within a state for correction, Intermediaries are to be sure that Tammy Repine is copied in so that she is able to assist as needed.

USDA is currently in the works developing training on the Packaging program for their own staff. Everyone was excited to hear this!

On Income Banding-USDA has not seen that this has been a factor around low versus very low apps, which so many have been concerned with. They anticipate FY 19 will have the published rule and it will become open to all states.

The Asset Limit Pilot is expected to be published in FY 19 as well.

Update on Direct US- Currently, 1 in 4 deals come in as accepts. Still working on the system and ensuring it is functioning as needed. The goal is to allow for up front consistency.

USDA is hopeful to be working toward allowing online payment of the credit report fee. Big step and everyone was pleased to hear this!

Note around E-Forms-If area offices are having issues, make sure that the Program Director is in the loop! Have folks call the Help Desk first for assistance. If this doesn't fix any issues, bring in Scott Nista.

Appraisal Process Discussion- All Contracting Officers now report to the Business Center versus Area Directors. Review is happening around what opportunities there are around an AMC type option versus individualized approvals which should speed the process significantly. FY 2020 is when they are looking at a possible contract option for this. There is still concern around conflict of interest in regards to Packers ordering appraisals, but with this option that concern could be voided. USDA will be reaching out to an organization, as well as effected USDA staff, that they have utilized in expedited space before to order appraisals on behalf of USDA to review the value.

Discussion was held extensively around "what makes a complete application". Still struggles in the field around what is acceptable and not, specific mentions around addresses for creditors and assets. There may be issue around as this information is pulled in from E-Forms, and if any data is different than what is pulled over on the USDA side, the application throws multiple errors. Scott Nista will be checking into this. USDA is going to review the necessity of the addresses being considered for an application to be deemed complete. Also interest discussed around the option for the 410-4 to be automated.

Discussion was held around asset review. Inconsistency happening state to state in regards to what asset information needs to be looked at. Specific mention of the difficulty when reviewing the USDA Handbook around what is "old" standard and what is "new."

Discussion was held around extension periods of COE's in the housing market we are in. USDA has been looking at the possibilities around 120 day issues. Nothing firm currently.

The question was asked around earning fees up front versus only at closing as a Packager. USDA has not changed their stance on this and cannot allow.

Questions were brought up around staff reduction concerns. USDA discussed that 75% of their budget is attributed to staffing. They are looking at model recommendations and will continue to do so over the next 4-6 months.

Discussion was held around turn time issues. USDA advised that if you find pockets of bag log in a state, this needs elevated to the Program Director and Tammy Repine should be copied.