



Rural Development

April 17, 2020

Bruce W. Lammers
Administrator

Rural Housing Service
1400 Independence Ave, SW
Room 5014-S
Washington, D.C. 20250

Telephone: (202) 692-0268

TO: State Directors
Rural Development

ATTN: Program Directors
Single Family Housing

FROM: Bruce W. Lammers /s/ *Bruce W. Lammers*
Administrator
Rural Housing Service

SUBJECT: Temporary Authorization for Fiscal Year 2020
Use of Tri-Merge Credit Reports from Third Parties in the
Section 502 Single Family Housing Direct Loan Program

PURPOSE:

This memorandum restates a temporary authorization to accept a Tri-Merge Credit Report (TMCR) with scores from certified loan application packagers/intermediaries and from mutual self-help grantees. The temporary authorization was effective on April 9, 2020 and was previously communicated to the Agency staff and impacted third parties.

IMPLEMENTATION RESPONSIBILITIES:

Certified packagers/intermediaries and self-help grantees may provide a complete copy of a TMCR with scores in a loan application package. If they do, they must collect the credit report fee (if any) up front from the applicant and disclose the fee to the Agency using the attached modified Phase 1 Cover Letter. Due to the temporary nature of this change, Handbook-1-3550, Attachment 3-A will not be updated with this information.

Under the certified packaging process, the credit report fee (if any) is in addition to the applicable packaging fee. As an example, if the applicable packaging fee is \$1,500 and the credit report fee is \$50, the combined fees which may be charged to the applicant is \$1,550. If a certified packager is not set up to obtain a TMCR with scores (e.g. relies on the applicant's free annual credit report), the intermediary may obtain the TMCR with scores on their behalf. Between the certified packager and the intermediary, only one credit report should be obtained to avoid adversely impacting the applicant's credit score due to multiple hard inquiries.

EXPIRATION DATE:
September 30, 2020

FILING INSTRUCTIONS:
Housing Programs

Under the certified packaging process, the loan application package must be submitted via eForms. Under the self-help program, grantees are highly encouraged to submit the loan application package via eForms.

Upon receipt of a loan application package that includes a TMCR with scores from a certified packager/intermediary or a self-help grantee using this temporary authorization, the Agency will:

- Not obtain a credit report through UniFi. Instead the Agency will use the TMCR with scores as provided by the packager/intermediary/grantee and manually enter the liabilities into UniFi.
- Not charge the applicant the Agency's standard credit report fee. Instead the Agency will list the packager's/intermediary's/grantee's credit report fee on the Agency's Loan Estimate and Closing Disclosure. Staff must manually change the credit report fee (Line 805) in UniFi's TILA/RESPA Fees screen so that the fee populates correctly on the disclosures under "Closing Cost Details – Loan Costs – Services You Cannot Shop For". Under this section on the Closing Disclosure, staff will enter the name of the packager/intermediary/grantee following "Credit Report to".
- Not send the applicant Attachment 3-H, Credit Score Disclosure.
- Not be able to use the Direct-US results since the TMCR (i.e. credit scores) cannot be read by the rules engine.

This temporary authorization expires on September 30, 2020. If a complete loan application package with a TMCR is submitted by September 30, 2020, the TMCR will be accepted by the Agency even if the eligibility decision is made after this date.

State Office questions related to the certified packaging process should be directed to Tammy.Repine@usda.gov or Ashley.Nelson@usda.gov. Questions related to the mutual self-help program should be directed to Andria.Hively@usda.gov.

Attachment

Phase 1 Cover Letter – Temporary Authorization

[Insert applicable letterhead: If under the certified packaging process, use the qualified employer’s letterhead. If outside the certified packaging process, the packager’s or mutual self help grantee’s letterhead can be used.]

[Insert date of submission]

Dear [insert “Rural Development” if working without an intermediary or insert the name of intermediary if working with one]:

The following documents are submitted via eForms to your office for review of the loan application package for [insert applicant(s) name]:

- A copy of Attachment 3-J with all the items applicable for the applicant(s) marked and included in the package.
- Worksheet for computing income.
- Maximum loan amount calculator.
- Tri-Merge Credit Report (TMCR) with scores. A copy of the TMCR and preliminary credit analysis is provided. Select all that apply.
 - _____ A credit report fee of \$ (insert total cost of TMCR) was collected.
 - _____ Applicant(s) has a valid credit score(s) of 640 or higher and no significant delinquency.
 - _____ Applicant(s) credit score(s) is not valid or less than the threshold.
 - _____ Form RD 1944-60, Landlord’s Verification, if score is not valid or less than the threshold.
- Applicant(s) explanation of derogatory credit (if applicable).
- 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.
- A signed copy of the required disclosure letter found in Attachment 3-A.

Sincerely,

[insert self-help grantee, packager’s name and qualified employer, as applicable]