

U.S. DEPARTMENT OF AGRICULTURE
RURAL DEVELOPMENT
Washington, D.C 20250

MANUAL ISSUE No.
WSAL SPECIAL
DATE
July 22, 2019

PROCEDURE NOTICE

NOTICE

**INSERT RD HB-1-3550
(WSAL)**

**DIRECT SINGLE FAMILY HOUSING LOANS AND
GRANTS FIELD OFFICE HANDBOOK.** This
Handbook is partially revised. The

specific revisions are outlined below:

Appendix 9 is revised to update the Income Limits for the Sections 502 Direct and 504 Loan/Grant Programs.

The effective date for use of the Appendix 9 is July 22, 2019.

NOTE:

Appendix 5 has been renumbered to Appendix 9 "Direct Single-Family Housing program income limits"

Appendix 9 has been renumbered to Appendix 5 "Rural Housing Demonstration Program."

REMOVE
Appendix 5.
Appendix 9.

INSERT
Appendix 5 renumbered;
Appendix 9 renumbered and revised 07-22-19.

**INSERT RD HB-1-3555
(WSAL)**

**SINGLE FAMILY HOUSING GUARANTEED LOANS
PROGRAM TECHNICAL HANDBOOK.** Appendix 5
is completely revised to update the

Income Limits for the Section 502 Guaranteed Loan Programs.

The effective date for use of the Appendix is July 22, 2019.

REMOVE
Appendix 5.

INSERT
Appendix 5 revised 07-22-19.

(CON.)

**RD HANDBOOK CHANGES
INSERT RD HB-1-3550
(WSAL)**

**DIRECT SINGLE FAMILY HOUSING LOANS
AND GRANTS FIELD OFFICE HANDBOOK.** This Handbook is partially revised. The specific revisions are outlined below:

Chapter 4:

Paragraph 4.2 (A), to add the link for income limits and remove the reference to Appendix 9, and to update the very low-, low-, and moderate-income definitions;

Paragraph 4.3 (A), to revise the full amount of periodic payments received from Social Security to include amounts received by an applicant who is a representative payee for an adult household member who will reside in the property. To remove certain language regarding alimony and child support to clarify that applicants do not need to take legal action to collect amounts due as a precursor to eligibility;

Paragraph 4.3 (E), to revise the oral verification requirement to only be completed if the applicant has worked for the employer for less than a year or other types of verification are inconsistent or suspicious; to revise the disability expense verification requirement to permit certain forms of income (social security disability) to be used as a method to verify disability; and, to remove language regarding assets disposed of for less than fair market value in the past 2 years;

Paragraph 4.4 (H), to provide guidance on Mortgage Credit Certificates (MCC);

Paragraph 4.5, to clarify that net family assets are considered for annual income and down payment purposes as applicable but shall be excluded from repayment income. To revise Exhibit 4-3 to exclude cash value of life insurance policies, clarify that retirement assets of applicants only are to be considered, and to exclude tax advantaged health, medical, and college savings plans from consideration;

Paragraph 4.5 (A), to eliminate the requirement that assets disposed of for less than fair market value in the past 2 years be considered;

Paragraph 4.7, to remove language pertaining to assets disposed of for less than fair market value in the past 2 years, and to clarify that applicable net family assets are considered for computing annual income;

Paragraph 4.8, to remove language pertaining to assets disposed of for less than fair market value in the past 2 years;

RD HANDBOOK CHANGES

INSERT RD HB-1-3550 (Con.)

(WSAL)

Chapter 4:

Paragraph 4.10, to clarify Exhibit 4-4 regarding installment or revolving accounts, which shall be evaluated on a per account basis;

Paragraph 4.11 (A), to add the DNP SharePoint link;

Paragraph 4.11 (B), to add language that infile credit reports are obtained for all 504 applicants with adjusted income greater than 30% of adjusted median income, regardless of the size of the loan being requested;

Paragraph 4.12, to eliminate requirements regarding reliability of credit scores (throughout subparagraphs). If an applicant has at least two credit scores on the Tri-Merge Credit Report (TMCR), the applicable score will automatically be deemed reliable. No consideration will be given to the number of opened and active trade lines on the credit report;

Paragraph 4.14 (A), to remove language regarding compensating factors when making exceptions for adverse credit;

Paragraph 4.14 (B), to add guidance that an applicant with a Chapter 13 bankruptcy must obtain written permission from the bankruptcy court to enter a financial obligation with the Agency, as applicable;

Paragraph 4.16, to add guidance that any applicants qualifying for payment assistance are presumed to be unable to obtain credit from other sources, and that the Loan Approval Official should determine whether other applicants must provide written documentation from another source that they were unable to obtain credit on reasonable terms and conditions;

Paragraph 4.21, to clarify language regarding U.S. Citizens;

Paragraph 4.22 (B), to add guidance related to student loans to allow the State Office to grant a case-by-case waiver to any condition (e.g. the applicant has a reliable credit score of 640 or higher) that must be met to use the applicant's actual monthly payment under an income-driven repayment plan;

Paragraph 4.22 (C), to add guidance that once a property is identified, if the adjusted term is not necessary than the loan should be closed using the standard loan term;

(CON.)

RD HANDBOOK CHANGES

INSERT RD HB-1-3550 (Con.)

(WSAL)

Chapter 4:

Paragraph 4.24 (A), to revise language so that Field Offices should obtain reasonable documentation that a property will be built to certification standards, and that once construction is complete the Field Office must obtain verification that the property is certified through one of the applicable energy efficiency programs;

Attachment 4-D, to remove the reference to "DACA";

Minor formatting and other errors were corrected.

Chapter 5:

Paragraph 5.1 (B), to add guidance regarding release of funds when repair work cannot take place until after loan closing;

Paragraph 5.4, to clarify guidance about modest sites including the addition of language about income-producing land and zoning;

Paragraph 5.5, to clarify that when a road is privately maintained by an association, there must be a legally enforceable arrangement for ongoing maintenance;

Paragraph 5.6 (A), to revise guidance on establishing area loan limits. Standard area loan limits are 80% of the local HUD 203(b) limit unless otherwise approved by the SFH Deputy Administrator.

Paragraph 5.6 (B), to remove area loan limit notification requirements via state instruction, and update the paragraph to encourage stakeholders to sign up for GovDelivery to stay informed about updates to the area loan limits;

Paragraph 5.6 (C), to add guidance regarding minimum and maximum square footage considerations;

Paragraph 5.6 (D), to add guidance pertaining to farm service buildings and income producing structures.

(CON)

RD HANDBOOK CHANGES

**INSERT RD HB-1-3550 (Con.)
(WSAL)**

Chapter 6:

Paragraph 6.11 (A), to revise guidance regarding payment assistance method 1 so that if a borrower receiving payment assistance method 1 receives a subsequent loan, payment assistance method 2 will be used to calculate the subsidy for the initial loan and subsequent loan;

Attachment 6-A, to revise oral verification requirements to correspond with changes made in Chapter 4;

Attachment 6-B, to clarify that the National Office will generate a list of severely delinquent first and second year loans for State Office review;

Minor formatting and other errors were corrected.

Glossary:

To revise the definitions of Low income, Moderate income, Rural area, and Very low income.

Appendix 1:

Appendix 1 is revised due to the publication of the Final Rule entitled "Single Family Housing Direct and Guaranteed Loan Programs" dated June 21, 2019, which the effective date is July 22, 2019. Section 3550.68(b)(2) will be effective on August 5, 2019. Section 3550.68(b)(2) will be effective on August 5, 2019.

Section 3550.10 to revise the definitions of Low income, Moderate income, Rural area, and Very low income;

Section 3550.53 (f) to correctly refer to 2 CFR parts 180 and 417, instead of an obsolete regulation;

Section 3550.54 (d) to remove "and repayment" from the first sentence, clarifying that income from net family assets must be included in the calculation of annual income;

Section 3550.54 (d)(1) to revise the list of which net family assets to include, and not to include;

Section 3550.63 (a) to revise the area loan limit requirements to be based on a percentage of the applicable HUD section 203(b) limit;

RD HANDBOOK CHANGES

**INSERT RD HB-1-3550 (Con.)
(WSAL)**

Appendix 1:

Section 3550.68 (b)(2) to revise the method of determining payment subsidy so that if a borrower receiving payment assistance method 1 receives a subsequent loan, payment assistance method 2 will be used to calculate the subsidy for the initial loan and subsequent loan.

REMOVE

Chapter 4 dated 01-23-03:
Pages 4-1 thru 4-6,
4-9 thru 4-12, 4-15 & 4-16,
4-19 & 4-20, 4-23 thru 4-26,
4-33 thru 4-60, 4-63 thru 4-70,
Attachment 4-D: Pages 3 & 4;
Chapter 5 dated 01-23-03:
Pages 5-1 thru 5-43;
Chapter 6 dated 01-23-03:
Pages 6-17 & 6-18,
Attachment 6-A,
Attachment 6-B: Pages 1 & 2;
Glossary dated 01-23-03:
Pages 7 & 8, 11 & 12 and 13;
Appendix 1:
Pages 17 thru 22, 27 & 28,
31 thru 34, 41 thru 44.

INSERT

Chapter 4 dated 01-23-03:
Pages 4-1 thru 4-6,
4-9 thru 4-12, 4-15 & 4-16,
4-19 & 4-20, 4-23 thru 4-26,
4-33 thru 4-60, 4-63 thru 4-70,
Attachment 4-D: Pages 3 & 4 revised;
Chapter 5 dated 01-23-03:
Pages 5-1 thru 5-45;
Chapter 6 dated 01-23-03:
Pages 6-17 & 6-18,
Attachment 6-A revised,
Attachment 6-B: Pages 1 & 2;
Glossary dated 01-23-03:
Pages 7 & 8, 11 & 12 and 13;
Appendix 1:
Pages 17 thru 22, 27 & 28,
31 thru 34, 41 thru 44 revised 07-22-19.

RD HANDBOOK CHANGES

**INSERT RD HB-2-3550
(WSAL)**

DIRECT SINGLE FAMILY HOUSING LOANS

AND GRANTS FIELD OFFICE HANDBOOK. This Handbook is partially revised.

The specific revisions are outlined below:

Chapter 4:

Paragraph 4.2 (A), to revise guidance regarding payment assistance method 1 so that if a borrower receiving payment assistance method 1 receives a subsequent loan, payment assistance method 2 will be used to calculate the subsidy for the initial loan and subsequent loan;

To replace the term and/or acronym 'Customer Service Center (CSC)' with 'National Finance and Accounting Operations Center (NFAOC)' throughout;

Attachment 4-B is removed as it duplicates Attachment 4-A;

Minor formatting was corrected.

RD HANDBOOK CHANGES

**INSERT RD HB-2-3550 (Con.)
(WSAL)**

Glossary:

To remove the definition of Customer Service Center (CSC) and add a definition for National Finance and Accounting Operations Center (NFAOC) and replace CSC with NFAOC in other definitions as applicable; and to revise the definitions of Low income, Moderate income, Rural area, and Very low income.

Minor formatting was corrected.

Appendix 1:

Appendix 1 is revised due to the publication of the Final Rule entitled "Single Family Housing Direct and Guaranteed Loan Programs" dated June 21, 2019, which the effective date is July 22, 2019. Section 3550.68(b)(2) will be effective on August 5, 2019.

Section 3550.10 to revise the definitions of Low income, Moderate income, Rural area, and Very low income;

Section 3550.53 (f) to correctly refer to 2 CFR parts 180 and 417, instead of an obsolete regulation;

Section 3550.54 (d) to remove "and repayment" from the first sentence, clarifying that income from net family assets must be included in the calculation of annual income;

Section 3550.54 (d)(1) to revise the list of which net family assets to include, and not to include;

Section 3550.63 (a) to revise the area loan limit requirements to be based on a percentage of the applicable HUD section 203(b) limit;

Section 3550.68 (b)(2) to revise the method of determining payment subsidy so that if a borrower receiving payment assistance method 1 receives a subsequent loan, payment assistance method 2 will be used to calculate the subsidy for the initial loan and subsequent loan.

REMOVE

Table of Contents dated 05-27-98:
Pages 1 thru 6;
Chapter 4 dated 05-27-98:
Pages 4-1 & 4-2, 4-11 & 4-12,
4-13 & 4-14, 4-49 & 4-50,
Attachment 4-B;
Glossary dated 05-27-98:
Pages 1 thru 12.
Appendix 1:
Pages 17 thru 22, 27 & 28,
31 thru 34, 41 thru 44.

INSERT

Table of Contents dated 05-27-98:
Pages 1 thru 6;
Chapter 4 dated 05-27-98:
Pages 4-1 & 4-2, 4-11 & 4-12,
4-13 & 4-14, 4-49 & 4-50;
Glossary dated 05-27-98:
Pages 1 thru 12 revised 07-22-19.
Appendix 1:
Pages 17 thru 22, 27 & 28,
31 thru 34, 41 thru 44 revised 07-22-19.

RD HANDBOOK CHANGES

**INSERT RD HB-1-3555
(WSAL)**

SFH GUARANTEED LOAN PROGRAM TECHNICAL HANDBOOK. This Handbook is partially revised as follows:

Glossary:

To revise the definitions of low income, very low income, and Housing Act of 1949, as amended.

Appendix 1:

Appendix 1 is revised due to the publication of the Final Rule entitled "Single Family Housing Direct and Guaranteed Loan Programs" dated June 21, 2019, which the effective date is July 22, 2019.

Section 3555.10 to revise the definition of Low-income.

REMOVE

Glossary dated 03-09-16:
Pages 7 thru 14, 17 & 18,
21 thru 24, 29 thru 32,
43 thru 46 and 49 & 50.
Appendix 1 dated 03-09-16:
Pages 17 & 18 and 23 & 24.

INSERT

Glossary dated 03-09-16:
Pages 7 thru 14, 17 & 18,
21 thru 24, 29 thru 32,
43 thru 46 and
49 & 50 revised 07-22-19.
Appendix 1 dated 03-09-16:
Pages 17 & 18 and
23 & 24 revised 07-22-19.

FORM

REPLACEMENT

**RD 3550-4
(WSAL)**

EMPLOYMENT AND ASSET CERTIFICATION

EMPLOYMENT CERTIFICATION revised 07-19. Prescribed in RD Handbook HB-1-3550. The Form and FMI are revised to

remove 'and cash value of life insurance policies' from the Asset Certification; and to remove certification regarding assets disposed of for less than fair market value within the last 2 years. This Form and FMI are available on the Rural Development Instructions home page (<https://www.rd.usda.gov/publications/regulations-guidelines>.) No paper copy distribution of this form will be made, and it will not be stocked in the warehouse.

REMOVE

FMI dated 07-12-16.

INSERT

FMI revised 07-22-19.