



# Housing Opportunities USDA Rural Development

Single Family Housing Direct Programs, August 2023



# Housing Funding

- Direct Loans - **\$1.25 billion**
  - **\$7.5 million Native American Tribes Relending Demo**
- Repair Grants - **\$32 million**
  - **\$55.7 million disaster**
- Repair Loans - **\$28 million**
- Self-Help Housing- **\$32 Million**
- Site Loans- **\$10 million**
- Housing Preservation Grants - **\$16 million**
  - **\$2.5 million disaster**





### National Office

Headquarters located in Washington DC |  
Single Family Housing Deputy Administrator  
and staff

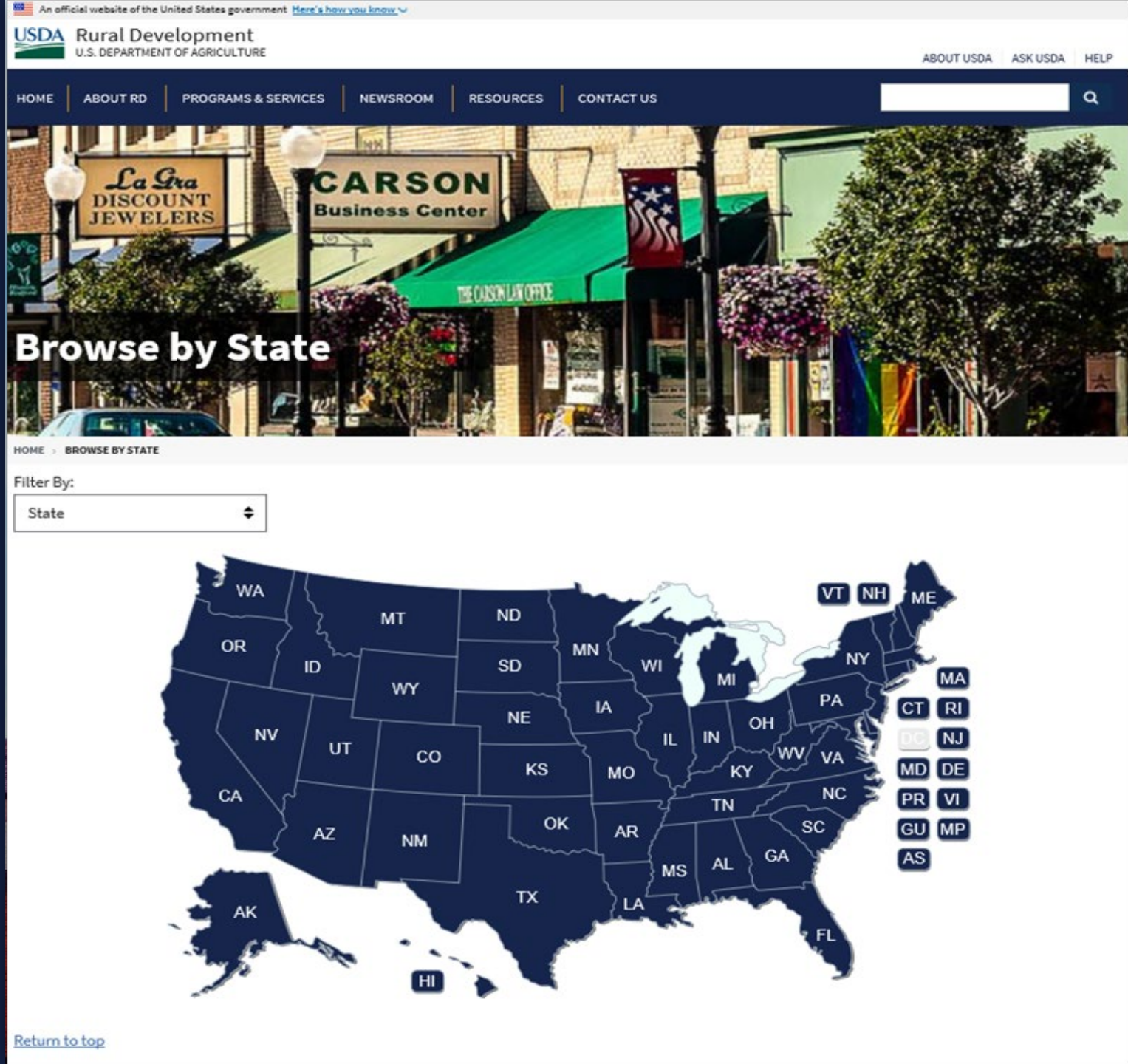
### State Offices

Located in 47 states | RD State Director and  
staff

### Area Offices

Numbers vary by state | RD Area Director  
and staff

# Rural Development (RD) – Single Family Housing ([www.rd.usda.gov](http://www.rd.usda.gov))



Rural Development Program Eligibility  
<https://eligibility.sc.egov.usda.gov/eligibility>

- Self- Assessment
- Adjusted Household Income limits
- Eligible Areas

The screenshot shows the USDA Rural Development Eligibility website. At the top right, there is a "Contact Us" link with a dropdown arrow. The main header features the USDA logo (United States Department of Agriculture, Rural Development) on the left and the word "ELIGIBILITY" in large blue letters on the right. Below the header is a dark blue navigation bar with "Home" and "Tutorials" links. A secondary navigation bar contains several menu items: "Single Family Housing Guaranteed", "Single Family Housing Direct", "Multi-Family Housing", "Rural Business", "OneRD Loan Guaranteed", "Water and Environmental Guaranteed", "Water and Environmental Direct", and "Community Facilities Guaranteed". A third navigation bar includes "Self-Assessment", "Income Limits", "Loan Basics", "Property Eligibility" (which is highlighted in blue), and "Previous Eligibility Areas". Below this is a green banner for "Rural Housing Services". The main content area is a white box with a black border titled "Property Eligibility Disclaimer". The disclaimer text states: "Every effort is made to provide accurate and complete information regarding eligible and ineligible areas on this website, based on Rural Development rural area requirements. Rural Development, however, does not guarantee the accuracy, or completeness of any information, product, process, or determination provided by this system. Final determination of property eligibility must be made by Rural Development upon receipt of a complete application. Viewing eligibility maps on this website does not constitute a final determination by Rural Development. To proceed with viewing the eligibility map, you must accept this disclaimer." At the bottom right of the disclaimer box are two buttons: "Accept" and "Decline".

# Direct Home Loans

- RD makes direct loan to homebuyers.
- Benefits of program:
  - Fixed low interest rate with subsidy as low as 1%,
  - Extended payback term (33-38 yrs.),
  - No down payment required, and
  - Loans up to 100% of value of home.
- Applicants adjusted household income must meet low or very low-income eligibility.
- Home must meet property requirements; and
- Home must be in eligible rural area.





# Handbooks

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## Resources

### Directives

Administrative Notices

Electric Sample Documents

Form Letters

Guide Letters

### Handbooks

Informational Publications

Instructions

Procedures Notices

HOME > RESOURCES > DIRECTIVES > HANDBOOKS

Below are handbooks information

## HB-1-3550 Direct Single Family Housing Loans and Grants - Field Office H

[Consolidated version \(large document may take long to load\)](#)

[Table of Contents](#)

[Acronyms](#)

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[Chapter 1](#) Overview

[Chapter 2](#) Overview of Section 502

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[Chapter 6](#) Underwriting

# Handbook-1-3550

[https://www.rd.usda.gov/  
resources/directives/handbooks](https://www.rd.usda.gov/resources/directives/handbooks)

# 504

# Checklist

(Attachment 12-C)

- Application Processing
- Eligibility Processing
  - Income
  - Deductions
  - Credit
  - Other
- Property Eligibility
- Construction
- Underwriting
- Closing
- Post Closing

## 504 SINGLE FAMILY HOUSING LOAN AND GRANT CHECKLIST

**“THIS CHECKLIST DOES NOT REPLACE THE RUNNING RECORD!”**  
(This document should be filed in position 1)

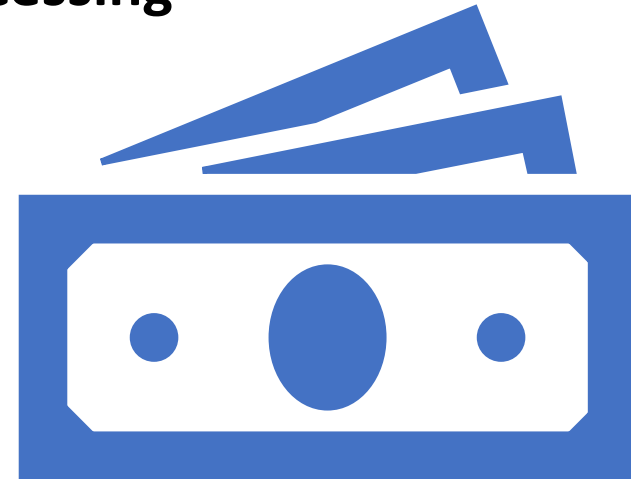
**Applicant:** \_\_\_\_\_ **Co-Applicant:** \_\_\_\_\_  
Review application for completeness within 3 business days of receipt. Call or write the applicant to request any missing information. Follow up with a letter advising applicant of a 15-day deadline for submission or the application will be withdrawn, or a 30-day deadline to obtain repair bid(s). Mark files as inactive until complete. (HB-1, 3.6)

<u>POS</u>	<u>DATE</u>	<u>APPLICATION PROCESSING</u>
3	_____	RD 410-4, Uniform Residential Loan Application, include information sheet similar to Attachment 3-D and RD 3550-1, Authorization to Release Information (HB-1, 3.5)
3	_____	Infile Credit Report (HB-1, 3.3, 4.11)
		If a secured loan application is subject to TRID, forward the following documents as applicable to the applicant within 3 business days of receipt of the application (HB-1, 3.8):
		_____ CFPB’s “Your home loan toolkit: A step-by-step guide”
2	_____	CFPB’s Loan Estimate form
2	_____	Attachment 3-I, Settlement Service Providers List & Mortgage App. Related Disclosures
2	_____	For an unsecured loan, send RD 1940-41, Truth in Lending Statement. Date Returned: _____
3	_____	Check Treasury’s DNP portal, and file in applicant file (HB-1, 4.11, 12.4B)
3	_____	Check MortgageServ’s “SSN CROSS REFERENCE” softlink key (HB-1, 4.11, 12.9C)
3	_____	Check list for 504 Grant recipients born prior to 1936 for prior assistance (\$7,500 lifetime limit) and document in running record (HB-1, 12.9C)
3	_____	Identification and Verification of age (grants only) (HB-1, 4.21)
		_____ Evidence of age _____ Taxpayer’s ID number _____ Photo ID
5	_____	Evidence of homeownership and occupancy: (copy of Deed, RE Tax Bill, etc.) (HB-1 12.4F)
6	_____	Verify eligibility of subject property. (HB-1, 5.1)
		<a href="http://eligibility.sc.gov.usda.gov/eligibility/welcomeAction.do">http://eligibility.sc.gov.usda.gov/eligibility/welcomeAction.do</a>
3	_____	Enter application complete date in stage updating of UniFi and on Form RD 410-4
4	_____	Funds Available; send HB Letter 11, Request Information (HB-1, 3.13)
4	_____	Funds Not Available; send HB Letter 2, Funds Not Available (HB-1, 3.12)

# Income Types

The Single Family Housing Direct Programs consider the following three types of income when processing an application:

- **ANNUAL INCOME**
- **ADJUSTED INCOME**
- **REPAYMENT INCOME**





# Calculating Adjusted Annual Income Example

Emily (who is 45 years of age and legally blind) and her three children who are full-time students (ages 6, 10, and 18).

**Annual Household Income: \$42,400**

**Very Low-Income Limit: \$36,300**

**What deductions should be considered?**

3 dependent deductions  $\$480 \times 3 = \$1,440$

Child Care Expenses \$6,000 (enables Emily to work and go to doctor appointments)

Elderly Household \$400 (62 years of age or older or an individual with a disability)

Disability assistance - \$9,540 (vet and food cost of service dog)

Medical expenses - \$2,300

# Allowable Medical Deduction

Annual Household Income: \$42,400

3% of the household income is:

$\$42,400 \times 3\% = \$1,272$

Total Disability Expenses:	\$ 9,540
Total Medical Expenses:	\$ 2,300
Combined Total:	\$ 11,840
<u>Less 3% of income:</u>	<u>– \$ 1,272</u>
<b>Allowable medical/disability deduction</b>	<b>\$ 10,568</b>

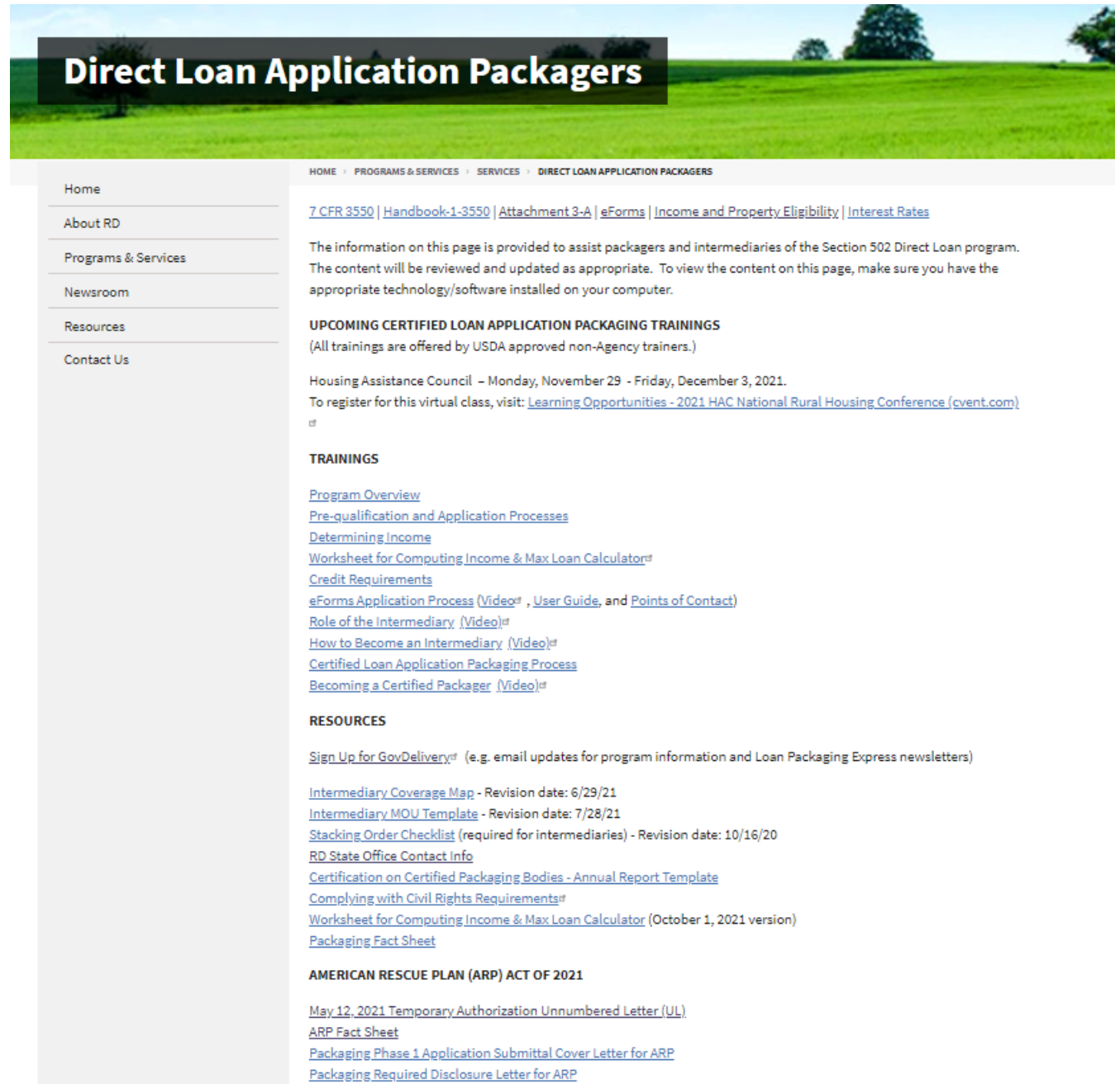


# Calculating Adjusted Annual Income

Household's Annual Income	\$ 42,400
Dependent	- \$ 1,440
Child Care Expenses	- \$ 6,000
Elderly Household	- \$ 400
<u>Allowable Disability/Medical Expenses</u>	<u>- \$ 10,568</u>
Adjusted Income	\$ 23,992

# Certified Packaging Process

<https://www.rd.usda.gov/programs-services/services/direct-loan-application-packagers>



## Direct Loan Application Packagers

HOME > PROGRAMS & SERVICES > SERVICES > DIRECT LOAN APPLICATION PACKAGERS

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[Contact Us](#)

[7 CFR 3550](#) | [Handbook-1-3550](#) | [Attachment 3-A](#) | [eForms](#) | [Income and Property Eligibility](#) | [Interest Rates](#)

The information on this page is provided to assist packagers and intermediaries of the Section 502 Direct Loan program. The content will be reviewed and updated as appropriate. To view the content on this page, make sure you have the appropriate technology/software installed on your computer.

**UPCOMING CERTIFIED LOAN APPLICATION PACKAGING TRAININGS**  
(All trainings are offered by USDA approved non-Agency trainers.)

Housing Assistance Council – Monday, November 29 - Friday, December 3, 2021.  
To register for this virtual class, visit: [Learning Opportunities - 2021 HAC National Rural Housing Conference \(event.com\)](#)

**TRAININGS**

[Program Overview](#)  
[Pre-qualification and Application Processes](#)  
[Determining Income](#)  
[Worksheet for Computing Income & Max Loan Calculator](#)  
[Credit Requirements](#)  
[eForms Application Process \(Video\)](#), [User Guide](#), and [Points of Contact](#)  
[Role of the Intermediary \(Video\)](#)  
[How to Become an Intermediary \(Video\)](#)  
[Certified Loan Application Packaging Process](#)  
[Becoming a Certified Packager \(Video\)](#)

**RESOURCES**

[Sign Up for GovDelivery](#) (e.g. email updates for program information and Loan Packaging Express newsletters)

[Intermediary Coverage Map](#) - Revision date: 6/29/21  
[Intermediary MOU Template](#) - Revision date: 7/28/21  
[Stacking Order Checklist](#) (required for intermediaries) - Revision date: 10/16/20  
[RD State Office Contact Info](#)  
[Certification on Certified Packaging Bodies - Annual Report Template](#)  
[Complying with Civil Rights Requirements](#)  
[Worksheet for Computing Income & Max Loan Calculator](#) (October 1, 2021 version)  
[Packaging Fact Sheet](#)

**AMERICAN RESCUE PLAN (ARP) ACT OF 2021**

[May 12, 2021 Temporary Authorization Unnumbered Letter \(UL\)](#)  
[ARP Fact Sheet](#)  
[Packaging Phase 1 Application Submittal Cover Letter for ARP](#)  
[Packaging Required Disclosure Letter for ARP](#)



# Certified Packaging

502 Direct Program	Packaging Type	Permissible Packaging Fee
	Certified Packaging Body Via an Intermediary	Up to \$2,000 split between certified packager and intermediary.
	Certified Packaging Body <u>without</u> an Intermediary	Up to \$1,750
504 Direct Loan and Grant Program	Packaging Type	Permissible Packaging Fee
	Public and private non-profit organization (tax exempt)	Up to \$750

- Certified packagers increase awareness of RD homeownership opportunities and assist with the application process.
- Packaging high quality application files to submit to RD local offices for review/approval.
- Assisting applicants to assemble the property information for submittal.



# How do you become a certified packager?



**Have at least one year of affordable housing loan origination and/or affordable housing counseling experience; and be employed by a qualified employer**



**Complete an Agency approved 3-day classroom or virtual training course and pass the corresponding test**



**Packagers have one year from the date of being added to the certified packaging process to complete the course and pass the test. They may charge the full fee and submit applications during this time, provided they are submitting via an intermediary**



# Who are the intermediaries?

The application packagers page provides an interactive map with intermediary service area and points of contact:

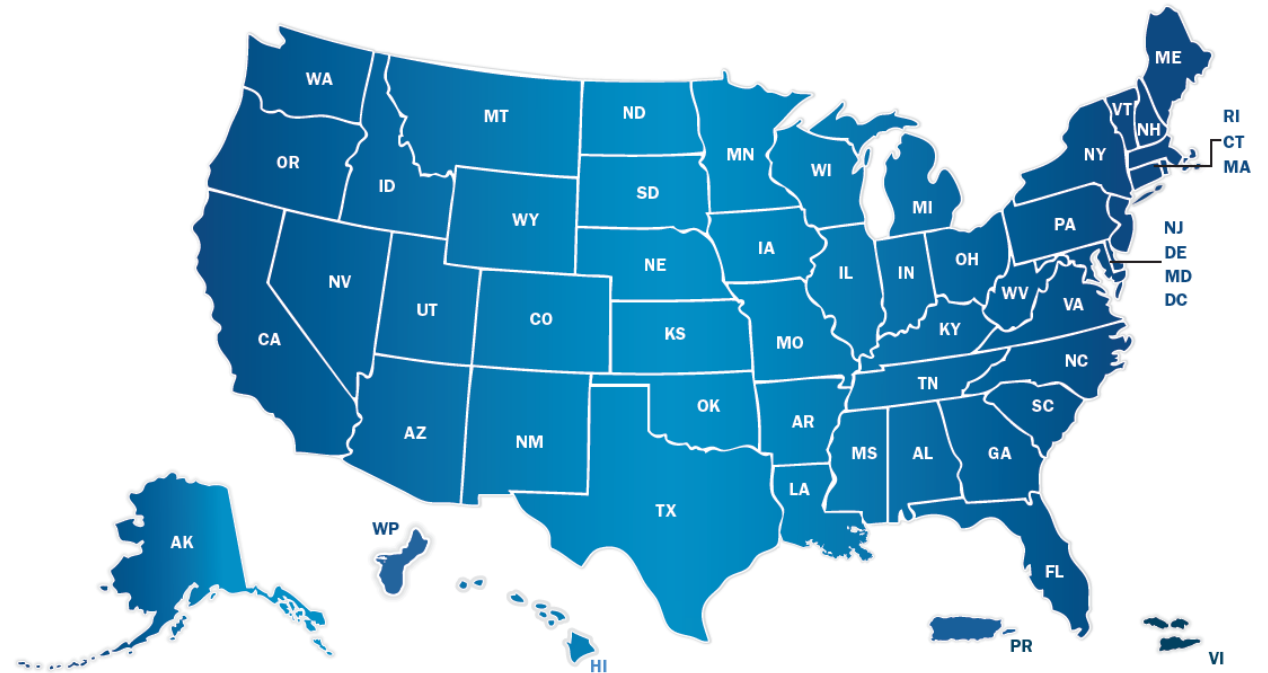
- <https://www.rd.usda.gov/programs-services/services/direct-loan-application-packagers>

You can either click on a state to be taken to the contacts for that state, or for a complete listing of all intermediaries, select the “click here” feature just under the header.

## Rural Development Single Family Housing

### Intermediary Coverage Map

Select a state from the map below to view intermediaries that provide services for the counties in that state. For a listing of coverage by intermediary, [click here](#)



# 504 Rehabilitation Loans & Grants



**Loan Program:** This program assists very low-income homeowners with a loan to repair, improve or modernize their home.

- Loans less than \$7,500 secured by note only
- 1% Fixed, 20 years repayment
- **Max. Loan \$40,000**

**Grant Program:** Grants to individuals (62+) very low-income homeowners to remove health and safety hazards in their home.

- **Max. Grant: \$10,000**

**Rural Disaster Home Repair Grants:** Grants to individuals at or below the low-income limit with damage from a presidentially declared disaster in calendar year 2022

- **Max Grant: \$40,675**

# Rehabilitation Funding For Existing Homes

## 533 Housing Preservation Grant Program

- Grants for the repair or rehabilitation of housing occupied by low and very low-income people.
- Project must be in eligible rural area.
- Applications are accepted on annual basis through a Notice of Funding Availability published in the Federal Register.

<https://www.rd.usda.gov/programs-services/single-family-housing-programs/housing-preservation-grants>





# Self-Help Grant and Site Loans

## Self-Help Grant Program

- Grant recipient supervises very-low and low-income individuals and families to construct/repair their own homes.
- Purchase price of home reduced by owner/builder's labor aka “sweat equity”- building cost of home typically covered by 502 loan.

## Site Loan Program

- Loans made to acquire and develop sites for low- or moderate-income families.
- Loan applicant may be private or public non-profit organization or a Federally Recognized Indian Tribe.
- Can be used on Tribal Trust Lands.
- Benefits: Lower cost of construction and working with one lender that is invested in the success of the project.



# Native Community Development Financial Institutions (NCDFI)

Re-Lending Demonstration Program



# NCDFI Re-Lending Demonstration Pilot History

## Background

- The South Dakota Native Homeownership Coalition presented the initial demonstration proposal to USDA and it was approved in 2018
- Two NCDFIs (Mazaska Owecaso Otipi Financial and Four Bands Community Fund) each received an \$800,000 Section 502 direct loan from USDA.
- Both NCDFIs provided \$200,000 in matching funds bringing the total demonstration to \$2 million.
- As of November 17, 2022, the NCDFIs have closed a total of 16 loans on tribal lands in South Dakota.
- RHS will continue to monitor the demonstration.





# NCDFI Re-Lending Demonstration Pilot History (Con't)

## Subsequent Demonstration Loan – FY2022

- Mazaska Owecaso Otipi Financial - \$1 Million
- Four Bands Community Fund -\$3 Million
- We estimate 50 loans will be made



# Fiscal Year 2023 Consolidated Appropriations Act

- \$7.5 million to expand the demonstration program
- A Notice of Funding Availability was published in the [Federal Register](#) on May 18, 2023, and outlines the competitive application process
- Applications are due by July 17, 2023
- All funds must be obligated by September 15, 2023



# Native CDFI Relending Demonstration Program

- **Purpose**
  - To increase homeownership opportunities for Native American Tribes, Alaska Native Communities, and Native Hawaiian communities in rural areas
  - Provide capital to NCDFIs- loans made to NCDFIs will be relent to the ultimate recipients (low- and very low-income tribal members, who will live in Indian Country in need of affordable, modest single-family homes)
- **Eligible Applicants**
  - Eligible entities for these competitively awarded loans include Certified Native Community Development Financial Institutions (NCDFIs).
- **Terms**
  - 33-year loan -initial principal and interest payment deferred for 3 years
  - 1 percent interest rate
  - Annual payments





# Application Package

- Forms:
  - SF – 424, “Application for Federal Assistance”
  - Environmental information (Form RD 1970-B, Exhibit D)
  - Statement of compliance with 2 CFR 200 and last financial audit report
  - Form RD 400-4, “Assurance Agreement”
  - Form RD 400-1, “Equal Opportunity Agreement”
  - Form RD 1910-11, “Applicant Certification of Federal Collection Policies for Consumer or Commercial Debts”
  - A statement on Exhibit A-1 of RD Instruction 1940-Q regarding lobbying

# Application Package Con't

- Complete organizational documents, including:
  - certificate of CDFI status, certificate of good standing, by-laws and articles of incorporation, and evidence of authority to conduct the proposed activities (board resolution)
  - must have been legally organized for a minimum of three years and have at least one-year prior experience working with residential mortgage lending
    - Equivalent knowledge will be accepted
- Financial information including:
  - balance sheets for at least 3 years, financial statements for the last 3 years, or from inception of operation if less than 3 years, and projected cash flow and earnings statements for at least 3 years
- System for Award Management(SAM) and Unique Entity Identifier(UEI) completion
- Proposals must be structured to utilize the funds within three years from the date of award
- Twenty percent cost sharing or matching
- Six percent reserve for bad debt or Loan Loss Reserve (LLR)

# Application Package Con't

- Work plan:
  - Documentation of the NCDFI's ability to commit financial resources under the control of the NCDFI to the establishment of the NCDFI Relending Demonstration Program
  - Demonstration of the need for loan funds – Applicant will need to identify a sufficient number of proposed and known ultimate recipients (waiting list)
  - Include a list of proposed fees and other charges
  - Include the NCDFI's plan for relending the loan funds
  - Provide a set of goals, strategies, and anticipated outcomes for the NCDFI's program
  - Provide specific information as to whether and how the NCDFI will ensure that technical assistance is made available to the ultimate recipient



# Application Review

1. *Criteria.* All eligible and complete applications will be evaluated and scored based on the selection criteria contained in the notice. Failure to address any of the application criteria by the application deadline will result in the application being determined ineligible, and the application will not be considered for funding.

2. *Review and Selection Process:*

- (a) Providing a financially feasible program for single family residential mortgage lending, which will result in affordable housing for very low- and low-income persons
- (b) Serving Tribal Land's in an eligible rural area with housing for households of very low- and low-income
- (c) Being an eligible applicant as defined in the notice
- (e) Submitting a complete application

# Application Review

- For applicants meeting all the application requirements, weighted criteria in accordance with the notice will be used as selection for the loan recipients. The highest-ranking applicant(s) will be selected from the following criteria:
  - Years of Experience in
    - Residential lending
    - Servicing residential mortgages
    - Managing a loan fund(s)
    - Experience managing federal funds
  - Matching funding- **you may apply even if you do not have matching funds**



# Thank you for supporting rural communities!

Andria Hively

Branch Chief

Special Programs & Initiatives

Direct Loan Division

360-999-0252

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