

## PROCEDURE NOTICE

### RD MANUAL CHANGES

INSERT RD INS 440.1  
(WSAL)

**INTEREST RATES, AMORTIZATION,  
GUARANTEE FEE, ANNUAL CHARGE, AND  
FIXED PERIOD.** This Instruction is  
partially revised as follows:

Exhibit B, to update various program rates and the Treasury Judgement Rate effective September 1, 2017.

REMOVE

Exhibit B: Pages 1 & 2 (Rev 102).

INSERT

Exhibit B: Pages 1 & 2 (Rev 103).

### RD HANDBOOK CHANGES

INSERT RD HB-1-3550  
(WSAL)

**DIRECT SINGLE FAMILY HOUSING LOANS  
AND GRANTS FIELD OFFICE HANDBOOK.**  
This Handbook is partially revised.  
Specific revisions include:

Chapter 12:

Paragraph 12.2, to clarify accessibility for a household member with a disability.

Paragraph 12.3, to clarify items needed for a complete 504 application, and

Add language to define processing timeframe to review for completeness, eligibility and pre-construction conference.

Incorporate the utilization of Handbook Letter 3, Waiting Period, if funding is unavailable.

Clarify priority processing status.

Remove the requirement to conduct a site visit within 30 days. Add language the property evaluation can be conducted using online resources or a site visit.

(OVER)

**RD HANDBOOK CHANGES**

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

**(WSAL)**

**Chapter 12:**

Remove the requirement requesting 2 bids and add language to clarify the number of bids and costs are the loan approval official's discretion for the area serviced.

Paragraph 12.4 (B), to add grant only, do not require credit history evaluation. Credit reports will not be ordered for 504 grant applicants.

Add language to define an acceptable credit score for streamlined credit evaluation "Applicants with a credit score of 620 or higher, do not require Form RD 1944-61, Credit History Worksheet for further documentation. These applicants are considered to have acceptable credit histories except for loan applicants with a significant delinquency described in Paragraph 4.12 A. An applicant with a credit score less than 620 must demonstrate a history of reliable traditional or non-traditional credit using Form RD 1944-61, Credit History Worksheet to conduct the credit analysis."

Add language to clarify that an infile credit report will be ordered for applicants with adjusted income greater than 30% of the area median.

Paragraph 12.4 (C), to clarify asset requirements.

Paragraph 12.4 (D), to define the budget, effective October 1, 2017, using a total debt ratio of 46% and introducing a three tier total debt repayment system for applicants 62 years or older. Add language that discusses non-taxable income cannot be grossed up. Remove the requirement to complete the 1944-3, Budget and or Financial statement.

Paragraph 12.4 (E), to clarify there is no minimum grant requirement.

Add guidance on determining grant qualifications "a qualified grant applicant with adjusted income not exceeding 30% of the adjusted Median income (AMI) will be eligible for grant assistance up to the maximum allowable grant limit. Defining income qualifications if greater than 30% AMI and criteria for determining eligibility.

Add Exhibit 12-1 and Examples 1 through 3.

Paragraph 12.5 (A), to clarify owner-occupied and the applicant's sole and primary residence. Clarification added to discuss income producing and in-ground pools.

**(CON.)**

**RD HANDBOOK CHANGES**

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

**Chapter 12:**

Paragraph 12.5 (B), to remove language referring to Agency employees completing the appraisal. Inserting language to clarify the LAO will determine when an appraisal is necessary. The option of determining values were added to clarify determining security when appraisals are not required.

Paragraph 12.6, to clarify a standard rate of 1% and loan term of 20 years.

Paragraph 12.7 (A), to add Minimum Loan Amount of \$1,000 for all initial borrowers. Remove Form 1944-3 references, and replace with language that discusses total debt ratio of 46% and compensating factors.

Paragraph 12.7 (B), to remove language referencing Form RD 1944-3 and replacing with 46% total debt calculation, and clarify grant award is subject to adjusted income.

Paragraph 12.9 (B) Exhibit 12-2 is added to illustrate owner and co-owner requirements.

Paragraph 12.9 (C) Add clarification the records of grants are maintained in MortgageServ, prior to 1998 a grant list is maintained. For applicants born prior to 1936, an operational folder and MortgageServ will be checked for prior assistance.

Paragraph 12.11 and Paragraph 12.12 Managing Repairs and Minor Rehabilitation is added to clarify the definition of minor rehabilitation, alternative inspections, unsecured loan requirements are discussed.

Attachment 12-A & B to reflect area loan limit and repayment terms.

Attachment 12-C to reflect various changes in the chapter.

Attachment 12-D to include a column for health and safety hazard and remove references that do not pertain to the 504 program elements.

Attachment 12-E to revise to categorize items needed and include property information requested.

(OVER)

**RD HANDBOOK CHANGES**

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

**Chapter 12:**

Attachment 12-F Pre-Construction Conference to be used with applicants and their contractor(s) to describe the construction and rehabilitation expectations.

NOTE: Minor page numbering has been updated throughout the Chapter as well as the content updates noted in this Procedure Notice.

REMOVE

Chapter 12 dated 01-23-03:  
All Pages;  
Attachments 12-A, 12-B, 12-C,  
12-D, 12-E.

INSERT

Chapter 12 dated 01-23-03:  
Pages 12-1 & 12-15,  
Attachments 12-A, 12-B, 12-C,  
12-D, 12-E, 12-F revised 10-05-17.

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

**DIRECT SINGLE FAMILY HOUSING LOANS AND  
GRANTS -CENTRALIZED SERVICING CENTER  
HANDBOOK.** This Handbook is partially  
revised as follows:

**Chapter 2:**

Paragraph 2.17 E.4, to update the required documents used for Same Rates and Term Assumption processing.

**Chapter 3:**

Attachment 3-B, to include the updated Tax Service Fee Schedule which extends through July 16, 2022.

REMOVE

Chapter 2 dated 05-27-98:  
Pages 2-23 & 2-24;  
Chapter 3 dated 05-27-98:  
Attachment 3-B.

INSERT

Chapter 2 dated 05-27-98:  
Pages 2-23 & 2-24 revised;  
Chapter 3 dated 05-27-98:  
Attachment 3-B revised 10-05-17.

NO SPECIAL PROCEDURE NOTICE RELEASED.

ADMINISTRATIVE NOTICES RELEASED.

(See AN Checklist)