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FORM RD 2006-46 (Rev. 01-98)

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

MANUAL ISSUE No.
WSAL PN 508
DATE
February 2, 2018

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 February 1, 2018.

REMOVE
Exhibit B: Pages 1 & 2 (Rev 107).

INSERT
Exhibit B: Pages 1 & 2 (Rev 108).

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:

This Handbook is partially revised. The specific revisions, which are outlined below, will be effective 30 days from the date of this Procedure Notice.

Chapter 1:

Paragraph 1.5 and its subparagraphs, to clarify the purpose and the requirements of the Section 504 direct loan and grant program.

Exhibit 1-2, to reflect the preferred source(s) for income verifications.

Chapter 3:

Paragraph 3.4, to encourage first-time homebuyers to complete the homeownership education training as soon as they express an interest in homeownership, and to state that the training should be completed prior to a first-time homebuyer entering into a contract to purchase or construct a home.

(CON.)

READ PROCEDURE - DISCUSS IN STAFF CONFERENCE - KEEP PROCEDURE MANUAL UP TO DATE

RD HANDBOOK CHANGES
INSERT RD HB-1-3550
(WSAL)**Chapter 3:**

Paragraph 3.4 (A), to clarify that the State Director can assess a state specific online homeownership course for inclusion in their list of providers as a third preference format, and to revise the acceptance period of a certificate of homeownership education completion to two years.

Paragraph 3.4 (B), to instruct Loan Originators to provide the list of approved homeownership education providers along with Attachment 3-J, Checklist of Items to Accompany the Uniform Residential Loan Application.

Paragraph 3.7, to allow the use of the current industry standard application form in place of Form RD 410-4. References to the acceptance of older versions of the industry form were removed here and in Attachment 3-G, 502 Single Family Housing Checklist.

Paragraph 3.8 (A), to reflect changes to how the applicant orientation is conducted with the introduction of an [orientation video](#) on YouTube earlier this year.

Paragraph 3.8 (D), to clarify that obligating subject to an appraisal is permitted throughout the fiscal year, and to clarify that the appraisal needs to be completed within 30 days from the obligation date.

Attachment 3-A, to reorganize and revise the entire attachment. Revisions include the addition of a section on Section 523 grantees who package Section 502 direct non-self-help loan applications, the addition of an Application Submittal Cover Letter, changes to the required disclosure letter to potential applicants, the requirement that Agency staff copy the packager or intermediary when sending formal correspondence to the applicant, the addition of what property information should be submitted once a Certificate of Eligibility (COE) is issued, updates to the loan application packaging course (e.g. where upcoming trainings can be found and when retaking the course may be required), updates to the intermediary approval (e.g. where a list of approved intermediaries can be found and what should be included in the application to be an intermediary), and the addition of an intermediary's performance elements.

Attachment 3-G, to revise when the Do Not Pay (DNP) portal needs to be checked, when the homeownership education course needs to be completed by a first-time homebuyer, and when the applicant orientation needs to be completed. The checklist was also revised to make a reference to Attachment 12-F under the Construction Contract section, to clarify that Form AD 1048 is needed for contracts greater than \$25,000, and to replace "IN 1 Closing Select/Add Agent" with "RHCD/MISC/CLOSING SELECT/ADD AGENT".

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Chapter 3:

Attachment 3-H, to use 300 to 850 as the range of possible credit scores.

Attachment 3-J, to update what is expected from an applicant as it relates to their Federal Income Tax Returns, and the completion of a homeownership education course if they are a first-time homebuyer.

Chapter 4:

Paragraph 4.2 and its subparagraphs, to emphasize the use of the preferred sources for income verifications, to emphasize the need to avoid requesting unnecessary documentation, to emphasize the need to use what is available from the applicant should a third party fail to respond, to emphasize that child support should only be considered for repayment ability if it is expected to continue for the next two years, to update examples where needed, and to expand upon the guidance related to a work history of less than two years.

Paragraph 4.3 (C), to correct the numbering of the list.

Paragraph 4.3 (E), to emphasize the use of the preferred sources for income verifications.

Paragraph 4.4 (C), to remove language about shared custody and who may claim the dependent deduction. A dependent deduction is applicable for any household member who qualifies as a dependent within this paragraph regardless of how custody is shared.

Paragraph 4.7, to clarify that the applicant's current assets (retirement and non-retirement) are considered when computing annual income.

Paragraph 4.11 (B), to state that infiler credit reports will not be obtained for packaged loan applications as the packager is responsible for conducting the pre-qualification review.

Paragraph 4.12 (A), to update the type of credit scores that will appear on the Tri-Merge Credit Report (if available).

Paragraph 4.12 (D), to update guidance related to the non-purchasing spouse's credit and credit report in community property states.

Paragraph 4.14 (A), to expand upon the guidance related to reduced shelter costs.

Paragraph 4.15, to add examples about dwellings that are structurally unsound, functionally inadequate, and too small.

Paragraph 4.26, was added to provide guidance on the applicant orientation.

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Chapter 4:

Paragraph 4.22 (B) (2), to add guidance about excluding loans against a retirement account under long-term installment obligations, and to clarify that the significant delinquencies as outlined in Paragraph 4.14 (B) are considered when determining if the actual student loan payment should be used.

Exhibit 4-6, to clarify the use of an area's minimum loan amount.

Paragraph 4.25, to state that the homeownership education training should be completed prior to a first-time homebuyer entering into a contract to purchase or construct a home, and to state that the applicant needs to be checked against the DNP portal for each COE extension.

Chapter 6:

Exhibit 6-1, to revise when the homeownership education must be completed by a first-time homebuyer.

Paragraph 6.5 (B) (1), to clarify what "risk of foreclosure" means when considering a request to refinance non-Agency debt.

Paragraph 6.17, to clarify that only their first year delinquency rate needs to be considered when determining if a Loan Approval Official is required to use the Underwriting, Pre-Closing, and Compliance Tool.

Attachment 6-B, to clarify that only their first year delinquency rate needs to be considered when determining if a Loan Approval Official is required to use the Underwriting, Pre-Closing, and Compliance Tool, and to have the reviewer include any action to be taken as a result of their review.

Chapter 7:

Paragraph 7.3 (C), to state that prorated tax funds may not be paid to the applicant/borrower, except to reimburse certain items paid by the applicant outside of closing.

Paragraph 7.10, to clarify who will complete Form RD 3550-15, Tax Information.

Paragraph 7.11, to revise the language regarding the applicant orientation following the availability of an applicant orientation video on YouTube.

Paragraph 7.12, to revise the helpful hint box regarding master policies to state that the master policy must meet State requirements, and not local State requirements.

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(WSAL)

Chapter 7:

Attachment 7-B, to update the tax service fee schedule based on the new service contract.

Chapter 8:

Paragraph 8.2 (B), to clarify that a loan can be approved subject to an appraisal provided the appraisal will be completed within 30 days from the obligation date. State Offices are responsible for reviewing accounts that exceed the timeframe to determine if funds should be de-obligated.

Paragraph 8.6 (A), to remove language about the applicant orientation since the applicant will be asked to complete this orientation after they have been determined eligible. Completion includes both the applicant watching the corresponding video, and signing/returning Form RD 3550-23, Applicant Orientation Guide.

Paragraph 8.6 (F), to state that any cash back to the applicant/borrower must be limited to the reimbursement for certain items paid by the applicant/borrower outside of closing. Loan funds or seller paid concessions may not be disbursed to the applicant/borrower.

Paragraph 8.10, to clarify that the market value, as defined in Form RD 3550-12, Subsidy Repayment Agreement, is used when calculating original equity.

Chapter 13:

Paragraph 13.3 (D), to instruct staff to use Attachment 5-B, Single Family Housing Site Checklist, in lieu of the Transaction Screen Questionnaire, ASTM Standard E-1528 (TSQ). A similar change was made to Paragraph 13.17 (B).

Paragraph 13.4 (G), to make reference to the Hyperion report on Field Office tasks that are not completed.

Paragraph 13.5, to clarify that either the Customer Service Center (CSC) or the Field Office may consent to a short sale in states included in the REO/foreclosure centralization. In non-centralized states, the Field Office may consent to the sale.

Paragraph 13.12, to replace "Borrower Assistance Branch" with "Field Assistance Desk".

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(WSAL)

Chapter 13:

Paragraph 13.19, to remove the reference to Form RD 1944-3, Budget and/or Financial Statement.

Paragraph 13.20 (B) (5), to replace "Director, CSC" with "Deputy Administrator, CSC".

Attachment 13-C, to add a short cure ream checklist along with instructions.

Chapter 15:

Paragraph 15.7 (B) (3), to instruct staff to use Attachment 5-B, Single Family Housing Site Checklist, in lieu of the Transaction Screen Questionnaire, ASTM Standard E-1528 (TSQ). A similar change was made to Paragraph 15.8.

Attachment 15-C, to replace "Single Family Housing Servicing and Property Management (SFHSPM) Division" with "Single Family Housing Direct Loan Division (SFHDLD)".

Appendix 2:

To remove reference to Form RD 1944-3, Budget and/or Financial Statement.

Appendix 3:

Handbook Letter 2, to end the first paragraph with the approximate waiting period.

Appendix 9:

To provide a link to the income limits map for the Rural Development Single Family Housing Direct Loan Program.

(CON.)

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

REMOVE

Chapter 1 dated 01-23-03:
Pages 1-7 & 1-8, 1-11 & 1-12;

Chapter 3 dated 01-23-03:
Pages 3-1 thru 3-22,
Attachments 3-A: Pages 1 thru 15,
Attachments 3-E,
Attachments 3-G: All Pages,
Attachments 3-H: All Pages,
Attachments 3-J: All Pages.

Chapter 4 dated 01-23-03:
Pages 4-1 thru 4-10,
4-57 thru 4-71,

Chapter 6 dated 01-23-03:
Pages 6-1 & 6-2, 6-7 & 6-8,
6-13 & 6-14, 6-15 & 6-16,
6-27 & 6-28,
Attachment 6-B;

Chapter 7 dated 01-23-03:
Pages 7-7 & 7-8,
Attachment 7-B;

Chapter 8 dated 01-23-03:
Pages 8-1 & 8-2, 8-9 & 8-10,
8-15 & 8-16,
Attachment 8-A;
Attachment 8-B: Pages 3 & 4;

Chapter 13 dated 01-23-03:
Pages 13-1 & 13-2,
13-13 thru 13-24,
13-33 & 13-34, 13-37 & 13-38,
Attachment 13-C.

Chapter 15 dated 01-23-03:
Pages 15-11 & 15-12,
Attachment 15-C;

Appendix 2 dated 01-23-03
Pages 1 & 2;

Appendix 3 dated 01-23-03
Handbook 2; and

Appendix 9 dated 01-23-03
Page 1.

INSERT

Chapter 1 dated 01-23-03:
Pages 1-7 & 1-8, 1-11 & 1-12 revised;

Chapter 3 dated 01-23-03:
Pages 3-1 thru 3-21 revised,
Attachments 3-A: Pages 1 thru 19,
Attachments 3-E revised,
Attachments 3-G: Pages 1 thru 6 revised,
Attachments 3-H: Pages 1 & 2 revised,
Attachments 3-J:
Pages 1 thru 3 revised 02-02-18;

Chapter 4 dated 01-23-03:
Pages 4-1 thru 4-10,
4-57 thru 4-71 revised;

Chapter 6 dated 01-23-03:
Pages 6-1 & 6-2, 6-7 & 6-8,
6-13 & 6-14, 6-15 & 6-16,
6-27 & 6-28,
Attachment 6-B revised;

Chapter 7 dated 01-23-03:
Pages 7-7 & 7-8,
Attachment 7-B revised;

Chapter 8 dated 01-23-03:
Pages 8-1 & 8-2, 8-9 & 8-10,
8-15 & 8-16 revised,
Attachment 8-A revised,
Attachment 8-B: Pages 3 & 4 revised;

Chapter 13 dated 01-23-03:
Pages 13-1 & 13-2,
13-13 thru 13-24, 13-33 & 13-34,
13-37 & 13-38,
Attachment 13-C revised;

Chapter 15 dated 01-23-03:
Pages 15-11 & 15-12 revised,
Attachment 15-C revised;

Appendix 2 dated 01-23-03
Pages 1 & 2 revised;

Appendix 3 dated 01-23-03
Handbook 2 revised;

Appendix 9 dated 01-23-03
Page 1 revised 02-02-18.

NO SPECIAL PROCEDURE NOTICE RELEASED.

NO ADMINISTRATIVE NOTICES RELEASED.