

American Rescue Plan Act of 2021

What does this program do?

When signed into law, the American Rescue Plan Act (ARPA) allocated additional funds for USDA's Single Family Housing Direct Loan program. However, as part of the Fiscal Responsibility Act of 2023 (PL 118-5, available at this link: <https://tinyurl.com/39h2mcxa>), ARPA funding was rescinded in June 2023.

Although ARPA has ended, we will continue to accept applications to help existing borrowers who were approved for COVID-19-related payment moratoriums refinance their mortgages through June 30, 2023.

We will also continue to accept applications for the Deferred Mortgage Payments program (DMP - which helps SFH-D very low-income self-help borrowers refinance loans closed in fiscal year 2020 or later, regardless of moratorium status) through June 30, 2023.

Who is eligible?

Until June 30, 2023, we will accept applications from existing Single Family Housing Direct loan borrowers – including customers with home repair loans – to refinance loans which have been in an approved COVID-19 moratorium.

The adjusted household income for SFH-D loan borrowers must be at or below moderate income limits for the area. For Home Repair loan borrowers, the adjusted household income must be at or below the very-low income limit for the area.

For Self-Help program borrowers with permanent loans that closed in FY 2020 or later – regardless of moratorium status – the adjusted household income must be at or below the low income limit for the area to be eligible to apply for a refinance. Additionally, for Self-Help program borrowers with loans that closed FY 2020 or later – regardless of moratorium status – the adjusted household income limit must be at or below the very-low income limit for the area to be eligible for the Deferred Mortgage Payment program.

Income limits can be found at this link: <https://tinyurl.com/mt7pmj> (PDF)

With the exception of delinquent federal debt, Single Family Housing Direct loan borrowers applying for refinancing are not subject to credit analysis, standard repayment ratio requirements, asset limits, or customary program standards related to the condition of the property.

What terms are available?

- For Single Family Housing Direct borrowers, a 10-, 25-, 30-, or 33- year term is available. In limited circumstances, a 38-year term can be offered.
- For Home Repair borrowers, a 20-year term is available.

What are the possible benefits to refinancing?

For Single Family Direct Loan borrowers, a lower interest rate and term extension can help reduce the loan payment, making it more affordable.

For Self-Help program borrowers, the Deferred Mortgage Payment program allows for up to 25 percent of a borrower's monthly principal and interest payment at 1 percent to be deferred for up to 15 years.

Is there any cost to the borrower?

Closing costs (fees associated with the real estate transaction) can be included in the loan. A new escrow account will be established in the refinance. If your existing loan does not have an escrow account, you will be responsible for the cost of getting a hazard insurance policy, which can be included in the loan.

What can be included in the refinance?

- Debt to USDA Rural Development. Under certain conditions, this includes Single Family Housing subsidy recapture.

Additional information about subsidy recapture is available at this link: <https://tinyurl.com/3k2nvy7h> (PDF)

- In limited circumstances, liens not associated with debt to the Single Family Housing Direct loan program
- In limited circumstances, repairs to correct major health and safety concerns in the home
- Closing costs
- A Rural Development-authorized loan packaging fee

What do I need to do next?

- Existing Single Family Housing Direct loan borrowers can visit <https://tinyurl.com/4avfcxw> to download an application package. You also can contact your local office to request an application or get more information. A list of state office locations is available at this link: <https://tinyurl.com/5yuf24mx>.
- If you have questions about your existing loan – including its re-amortization or subsidy recapture – contact the Customer Service Center at 1-800-414-1226.

Where can I find more information?

- You will find the internal Rural Development implementation guidance associated with this program at this link: <https://tinyurl.com/2d388a5b>.
- Additional forms, resources, and program information are available at this link: <https://tinyurl.com/2p922f2s>
- Your local Rural Housing Program staff is always a great resource. Our state-based office locations can be found at this link: <https://tinyurl.com/5yuf24mx>.

NOTE: Because information is subject to change, always consult official program instructions or contact your local Rural Development office for help. You will find additional resources, forms, and program information at <https://rd.usda.gov>. USDA is an equal opportunity provider, employer, and lender.