

UNNUMBERED LETTERS ISSUED FOR THE AUGUST OF 2014

Dated	Subject	Distribution
08-11-14	Nationally Approved Online Homeownership Education Providers Section 502 Direct Loan Program	S/D
08-15-14	Interest Rate Changes for Housing Programs and Credit Sales (Nonprogram)	S/D
08-27-14	Processing Section 514/516 New Construction Loan and or Grant Requests Fiscal Year (FY) 2014	S/D
08-28-14	Intermediary Relending Program Unemployment Rate	S/D

August 11, 2014

TO: State Directors  
Rural Development

ATTN: Program Directors  
Single Family Housing

FROM: Tony Hernandez /s/ ***Tony Hernandez***  
Administrator  
Housing and Community Facilities Programs

SUBJECT: Nationally Approved Online Homeownership Education Providers  
Section 502 Direct Loan Program

**PURPOSE:**

The purpose of this memorandum is to introduce a new online homeownership education provider, Framework. Framework's course, Preparing for Homeownership, is approved for national use as a third preference format. This memorandum also reaffirms that eHome America and their course remain approved for national use as a first preference format.

**BACKGROUND:**

Effective on May 7, 2007, first-time homebuyers financed under the program must successfully complete an approved homeownership education course prior to loan closing. 7 CFR Part 3550.11 outlines the order of preference given to courses. First preference is given to classroom, one-on-one counseling, or interactive video conference. These formats are generally extensive and require a significant time and participation commitment from the Agency applicants. Second preference is given to interactive home-study or interactive telephone counseling of at least four hours duration. These formats may only be used if the formats under the first preference are not reasonably available. Third preference, which can only be used if all other formats are not reasonably available, is given to online counseling. It also outlines the requirements an education provider and their course must meet in order to be approved for use by Agency applicants.

EXPIRATION DATE:  
July 31, 2015

FILING INSTRUCTIONS  
Housing Programs

In 2010, eHome America was approved for national use as a first preference format after a panel of internal and external subject matter experts reviewed and approved the course; and it has remained approved for national use ever since.

On September 23, 2013, a notice was published in the Federal Register informing online homeownership education providers that the Agency intended to review other courses for nationwide use. While the original submission deadline was October 23, 2013, a notice extending the submission deadline to December 31, 2013, was published in the Federal Register on December 10, 2013.”

After convening a new panel and reviewing the four submissions received as a result of the Federal Register notice, the decision was made to approve Framework for national use as a third preference format.

### **IMPLEMENTATION RESPONSIBILITIES:**

Within 60 days of the date of this memorandum, all State Offices must:

- Issue a state supplement providing their field offices with an updated list of approved homeownership education providers (refer to Handbook-1-3550, Paragraph 3.4 for guidance on the assessment process). For each approved provider, their preference format and their cost, if any, must be listed. The updated list must include:
  - eHome America as a first preference format for a cost of \$75 (which is the fee for participants identified as USDA applicants). In addition to taking the online course, which is available in both English and Spanish, eHome America requires one-on-one counseling via the telephone or in person in order for the Agency applicant to receive a certificate of completion. eHome America can be accessed at the following website: <http://www.eHomeAmerica.org>
  - Framework, which is available in both English and Spanish, as a third preference format for a cost of \$75. Framework can be accessed at the following website: <http://www.frameworkhomeownership.org>
- Email the state supplement, along with Form RD 2006-3 requesting **post approval**, to the direct loan program mailbox ([SFHDIRECTPROGRAM@wdc.usda.gov](mailto:SFHDIRECTPROGRAM@wdc.usda.gov)). Please use a subject line of “Homeownership Education Providers” so that it can be easily identified. **A state should consider their issuance approved unless notified of disapproval or conditional approval** - as allowed in Instruction RD 2006-B, Paragraph 2006.55 (b).

Field staff members are reminded that:

- Applicants taking an approved online course who have course-related questions (technical or otherwise), should be referred to the provider (and not the National Office).
- A lower preference homeownership education format may be used when a higher preference format is not reasonably available in the local area, which is determined by factors such as distance, travel time, geographic obstacles, and cost.

Questions regarding this memorandum should be directed to Shantelle Gordon of the Single Family Housing Direct Loan Division at [shantelle.gordon@wdc.usda.gov](mailto:shantelle.gordon@wdc.usda.gov).

Sent by Electronic Mail on August 11, 2014, at 11:30 a.m. by the Single Family Housing Direct Loan Division. The State Director should advise other personnel as appropriate.

August 15, 2014

TO: State Directors

ATTN: Area Directors  
Area Specialist  
Rural Housing Program Directors

FROM: Tony Hernandez /s/ *Howard Henderson* for  
Administrator  
Housing and Community Facilities Programs

SUBJECT: Interest Rate Changes for Housing Programs  
and Credit Sales (Nonprogram)

The following interest rates, effective September 1, 2014, are reported as follows:

<u>Loan Type</u>	<u>Existing Rate</u>	<u>New Rate</u>
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**ALL LOAN TYPES**

Treasury Judgment Rate	0.110%	0.110%
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The new rate shown above is as of the week ending July 25, 2014. The actual judgment rate that will be used will be the rate for the calendar week preceding the date the defendant becomes liable for interest. This rate may be found by going to the Federal Reserve website for the weekly average 1-year Constant Maturity Treasury Yield \*

**RURAL HOUSING LOANS**

Rural Housing (RH) 502 Very-Low or Low	3.625	3.625
Single Family Housing (SFH) Nonprogram	4.125	4.125
Rural Housing Site (RH-524), Non-Self-Help	3.625	3.625
Rural Rental Housing and Rural Cooperative Housing	3. 625	3.625

EXPIRATION DATE:  
September 30, 2014

FILING INSTRUCTIONS:  
Administrative/Other Programs

\* ([http://www.federalreserve.gov/releases/h15/data/Weekly\\_Friday\\_/H15\\_TCMNOM\\_Y1.txt](http://www.federalreserve.gov/releases/h15/data/Weekly_Friday_/H15_TCMNOM_Y1.txt)).

Interest Rate Changes for Housing Programs  
and Credit Sales (Nonprogram)

2

Please notify appropriate personnel of these rates.

Sent by Electronic Mail on 8-19-14 at 8:30 am by Credit Reform Staff. State Directors should advise other personnel as appropriate.

August 27, 2014

TO: State Directors  
Rural Development

ATTN: Program Directors and Coordinators  
Multi-Family Housing

FROM: Tony Hernandez /s/ *Tony Hernandez*  
Administrator  
Housing and Community Facilities Programs

SUBJECT: Processing Section 514/516  
New Construction Loan and or Grant Requests  
Fiscal Year (FY) 2014

The purpose of this Unnumbered Letter (UL) is to provide information and guidance on processing Section 514/516 Farm Labor Housing (FLH) new construction loan and grant requests. This UL is in accordance with 7 CFR 3560 and the “Notice of Funds Availability (NOFA) for the Section 514 Farm Labor Housing Loans, Section 516 Farm Labor Housing Grants for Farm Housing for Fiscal Year 2014” published on July 1, 2014, in the Federal Register Document Citation: 79 FR 37274, Document Number: 2014-15358, Pages: 37274-37280. (7 pages)

States that need assistance in the review or the processing of FLH pre-applications should contact Mirna Reyes-Bible of the Multi-Family Housing Preservation and Direct Loan Division’s Farm Labor Housing Program at (202) 720-1753 or at:  
[mirna.reyesbible@wdc.usda.gov](mailto:mirna.reyesbible@wdc.usda.gov).

**PROCESSING TIMEFRAMES:**

**September 2, 2014, 5:00 P.M. local time:** Application closing deadline. Applications received by this deadline will be reviewed for completeness and scored against the factors listed in the NOFA. State offices continue preliminary eligibility assessments on each application received (to pay for credit reports, collect a check for \$25 from the applicant made payable to the U.S. Department of Agriculture (USDA)).

EXPIRATION DATE:  
August 31, 2015

FILING INSTRUCTIONS:  
Housing Programs

**September 8, 2014:** Based on the preliminary eligibility, feasibility review, and application scoring, State offices fax a final list of scored and ranked pre-applications with a copy of the market study and a copy of the cost overrun statement submitted by the borrower to the National Office, attention Mirna Reyes-Bible at (202) 690-3444. This list will include every pre-application determined incomplete or ineligible with the reason for that determination. The National Office ranks all pre-applications.

**September 15, 2014:** The National Office notifies State offices which pre-applications were selected for further processing. Upon this notification, States will in turn notify the selected applicants to submit a formal application within 7 days. Advise applicants to submit organizational documents immediately after receiving notification in order to allow time for review by the Office of General Counsel (OGC). At the same time, State offices conduct the site visit and begin the environmental review, appraisal, market studies, and civil rights impact analysis.

**September 29, 2014:** All funds must be obligated by 5:00 P.M. local time. Please make every attempt to obligate funds by the required timeframe. Form RD 1940-1, *“Request for Obligation of Funds”*, should refer to assistance codes “322” for loans and “323” for grants. When obligating funds, the estimated development costs must be entered into Automated Multi-Family Accounting System (AMAS) using the M5V screen. Once construction is completed, the actual development costs must be entered into AMAS using the M5VA screen. Guidance can be found in Chapter 2 of the AMAS manual.

Questions regarding this UL may be directed to Mirna Reyes-Bible of the Multi-Family Housing Preservation and Direct Loan Division, at (202) 720-1753.

Attachments



**RURAL HOUSING SERVICE  
FARM LABOR HOUSING OFF-FARM PRE-APPLICATIONS  
FISCAL YEAR 2013**

**STATE**\_\_\_\_\_

RANK	SCORE	APPLICANT NAME/ LOCATION	# OF MIG UNITS	CONG DIST	TOTAL RHS DEVELOP- MENT COST*	RHS LOAN AMOUNT	RHS GRANT AMOUNT	LEVERAGED ASSISTANCE	% OF LEV.	# OF UNITS	# OF RA UNITS	Minority or Non- Minority Applicant (see codes below)	Faith Based Organ- ization (Y/N)
					\$	\$	\$	\$	%				
					\$	\$	\$	\$	%				
					\$	\$	\$	\$	%				
					\$	\$	\$	\$	%				
					\$	\$	\$	\$	%				
					\$	\$	\$	\$	%				
					\$	\$	\$	\$	%				
					\$	\$	\$	\$	%				
					\$	\$	\$	\$	%				
					\$	\$	\$	\$	%				
					\$	\$	\$	\$	%				
					\$	\$	\$	\$	%				
					\$	\$	\$	\$	%				
					\$	\$	\$	\$	%				

\*If the proposal includes non-RHS eligible costs, please indicate the items and costs on a separate line or as an attachment.

Number of underutilized Rental Assistance units that are available for the above proposals: \_\_\_\_\_

Race/Ethnicity Codes: 1 = White; 2 = Black/AA; 3 = A/NH/PI; 4 = AI/AN; 5 = Hispanic/Latino

## FARM LABOR HOUSING PRE-APPLICATION REVIEW CHECKLIST AND POINT SCORE SHEET - FY 2014

**Applicant information:**

Date and time received: \_\_\_\_\_

Applicant Name: \_\_\_\_\_ Applicant Type: NP NPLP PB IT AF AFW  
 Project Name: \_\_\_\_\_ # Units \_\_\_\_\_ # RA Units \_\_\_\_\_ # Migrant Units \_\_\_\_\_  
 City: \_\_\_\_\_ County: \_\_\_\_\_ Congressional District: \_\_\_\_\_

If Mixed Use:  
 Designated FLH Units \_\_\_\_\_ % Designated Non-FLH Units \_\_\_\_\_ %

NP=Non-Profit NPLP=Non-Profit Limited Partnership PB=Public Body IT=Indian Tribe AF=Assoc. of Farmers AFW=Assoc. of Farmworkers

**Application threshold requirements:** Application meets preliminary threshold requirements (received by closing date established in NOFA, contains all of the items listed in the NOFA, an estimate of development cost (1924-13), and a proposed operating budget (3560-7), is an eligible applicant, and is for an eligible purpose).

(Yes/No): \_\_\_\_\_ Comments: \_\_\_\_\_

**Pre-Application Scoring:** (Please refer to NOFA for further explanation)

1. Construction Cost Leveraged Assistance (maximum 20 points) \_\_\_\_\_
2. Operational Cost Saving Leverage Assistance (maximum 20 points) \_\_\_\_\_
3. For FY 2014, National Office initiative will be based on the presence of \_\_\_\_\_  
 and extent to which a tenant services plan exists that clearly outlines  
 services that will be provided to the residents of the proposed project.  
 Two points will be awarded for each resident service included in the  
 tenant services plan up to a maximum of 10 points. \_\_\_\_\_
4. Seasonal, temporary, or migrant housing: \_\_\_\_\_  
 Enter number and percent of units that will serve seasonal, temporary, or migrant  
 farm workers: Number \_\_\_\_\_ and \_\_\_\_\_ %  
 (Enter 5 points for up to 50 percent of units; 10 points for 51 percent or more)
5. Rental Assistance Request (maximum 25 points) \_\_\_\_\_
5. Energy Generation (maximum 5 points) \_\_\_\_\_
6. Property Management (Green) Credentials (maximum 5 points) \_\_\_\_\_
7. Energy Conservation for New Construction (maximum 55 points) \_\_\_\_\_
8. Energy Conservation for Substantial Rehab existing non-FLH property  
 (maximum 55 points) \_\_\_\_\_
9. Additional 10 for projects in persistent poverty counties  
 \_\_\_\_\_

**Total point score** \_\_\_\_\_

**Estimated Funding:**

RHS loan amount \_\_\_\_\_ + grant amount \_\_\_\_\_: \$ \_\_\_\_\_

Leveraged funds: Source \_\_\_\_\_ \$ \_\_\_\_\_  
 Source \_\_\_\_\_ \$ \_\_\_\_\_  
 Source \_\_\_\_\_ \$ \_\_\_\_\_  
 Source \_\_\_\_\_ \$ \_\_\_\_\_

Total Development Cost: \$ \_\_\_\_\_

**Review Comments:** \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

Reviewer: \_\_\_\_\_ Date of Review: \_\_\_\_\_

**National ranking results:** Selected for further processing based on National ranking

(Yes/No): \_\_\_\_\_ Date: \_\_\_\_\_

**FARM LABOR HOUSING LEVERAGED ASSISTANCE  
CALCULATION OF CONSTRUCTION COST SAVINGS WORKSHEET FY 2014**

Applicant Name: \_\_\_\_\_ Project Name: \_\_\_\_\_

1. RHS total development cost (excludes non-RHS eligible costs): \$\_\_\_\_\_
2. Leveraged Assistance (Include all eligible leveraging meeting the provisions of the NOFA such as loans, grants, land, tax abatements, etc.)

<i>Source:</i>	<i>Amount:</i>
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

3. Total leveraged assistance \$\_\_\_\_\_
4. Percent of Leveraged Assistance (line 3 divided by line 1) \_\_\_\_\_%
5. If mixed-use property, multiply the designated percent of FLH units (attachment 2) by line three (3) above then divide by line one (1) to determine leverage points according to the chart below.
6. Points for leveraging based on the following chart: \_\_\_\_\_  
(Round up for .50 and above; round down for .49 and below.  
For example, 59.49 become 59; 59.50 become 60.)

<i>Percentage:</i>	<i>Points:</i>
150 or more	30
100-149	25
50-99	20
1-49	15

Donated land in  
proposals with less  
than 10 percent total  
Leveraged Assistance

**FARM LABOR HOUSING LEVERAGED ASSISTANCE  
CALCULATION OF CONSTRUCTION COST SAVINGS WORKSHEET FY 2014**

<b>Percentage</b>	<b>Points</b>
75 or more	20
60–74	18
50–59	16
40–49	12
30–39	10
20–29	8
10–19	5
0–9	0

**FARM LABOR HOUSING LEVERAGE ASSISTANCE  
CALCULATION OF OPERATING COST SAVINGS  
NON-RURAL DEVELOPMENT TENANT SUBSIDY**

The presence of operational cost leveraging, such as non-rural development tenant subsidies, are also calculated on a per unit cost savings. According to HB-1-3560 Section 4.13.A.2, such saving must be available for five years. If the non-Rural Development subsidy value changes during the five-year calculation the applicant must use the lowest of the non-rural development tenant subsidy to calculate per unit cost savings. For example, a 10 unit property with 100 percent designated farm labor housing units receives \$20,000 for two and \$30,000 for the remaining three years, the \$20,000 should be used to calculate the cost savings. Thus the \$20,000 per year non-Rural Development subsidy yields a cost savings of \$100,000 (\$20,000\*5 years); resulting to a \$10,000 per-unit cost savings (\$100,000/10 units).

Use the following table to apply points.

<b>Per-Unit Cost Savings</b>	<b>Points</b>
\$15,000 and above	20
\$10,001- \$15,000	18
\$7,501- \$10,000	16
\$5,001-\$7,500	12
\$3,501-\$5,000	10
\$2,001-\$3,500	8
\$1,000-\$2,000	5

August 28, 2014

TO: State Directors, Rural Development  
ATTN: Business Programs Directors  
SUBJECT: Intermediary Relending Program  
Unemployment Rate

RD Instruction 4274-D, section 4274.344(c)(2)(iii), provides for priority points for Intermediary Relending Program applications based on unemployment rates. The overall national unemployment rate for May 2014 was 6.3 percent. This unemployment rate will be used to compute the unemployment rate points until updated by the National Office. This supersedes the figure announced in an unnumbered letter issued on June 14, 2013.

/s/ *Claudette Fernandez* for

LILLIAN E. SALERNO  
Administrator  
Business and Cooperative Programs

EXPIRATION DATE:  
September 30, 2015

FILING INSTRUCTIONS:  
Community/Business Programs