

July 22, 2016

TO: State Directors
Rural Development

ATTENTION: Program Directors
Single Family Housing

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

SUBJECT: Funds Not Available – Certificate of Eligibility and/or Property Identified
Section 502 Direct Single Family Housing Program

PURPOSE:

With low-income funding expected to be exhausted several weeks before this fiscal year end, the purpose of this memorandum is to provide a standardized letter that Field Offices should use to notify applicants, who have been determined program eligible and who have a valid Certificate of Eligibility (COE) and/or who have identified a property, of the funding situation. Since such a specific and standardized letter is not currently found in Handbook-1-3550, steps will be taken to add the attached letter to the handbook.

IMPLEMENTATION RESPONSIBILITIES:

When funds are not readily available to obligate a loan request from an eligible applicant, Field Offices should issue the attached letter to eligible applicants who have a valid COE and/or who have identified a property.

Handbook Letter 2, Funds Not Available, will continue to be used for eligible applicants who have yet to be issued a COE and/or who have yet to identify a property.

State Office staff with questions regarding this memorandum should contact Antonio Burkett at antonio.burkett@wdc.usda.gov.

Attachment

EXPIRATION DATE:
July 31, 2017

FILING INSTRUCTIONS:
Housing Programs

Date: [insert today's date]

[insert applicant(s) first/mi/last name(s) (Mr., Mrs., Ms.)]
[insert applicant(s) street/post office address]
[insert city, state, and zip code]

Dear [insert applicant last name(s) (Mr., Mrs., Ms.)]:

You are receiving this letter because you have been deemed eligible for Rural Development assistance and:

- ☐ You have been issued a Certificate of Eligibility (COE).
- ☐ You have submitted a purchase agreement or sales contract for a property.

Unfortunately, Rural Development cannot continue processing your application at this time due to a temporary lack of funds for households within your income category. You should immediately:

- ☐ Stop searching for a property unless you find a seller who is willing to agree to a closing date that is at least 30 days beyond the approximate waiting period listed below.
- ☐ Speak with the seller about extending the closing date to at least 30 days beyond the approximate waiting period listed below. If the seller is willing to extend the closing date, please submit a copy of the addendum to the contract to Rural Development.

The approximate waiting period before funds may be available to consider your loan request is [insert approximate days/months funds will be available]. We will notify you once funding is available to consider your loan request.

If you are planning to assume the unpaid balance of a loan from an existing Rural Development borrower or purchase an Agency Real Estate Owned property, you should advise this office. These transactions can be processed without delay.

The Federal Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status, age (provided the applicant has the capacity to enter into a binding contract); because all or part of the applicant's income derives from any public assistance program; or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act. The federal agency that administers compliance with this law concerning this creditor is the Federal Trade Commission. If a person believes he or she was denied assistance in violation of this law, they should contact the Federal Trade Commission, Washington, D.C. 20580.

The Fair Housing Act prohibits discrimination in real estate related transactions, or in the terms or conditions of such a transaction, because of race, color, religion, sex, disability, familial status, or national origin. The federal agency that is responsible for enforcing this law is the U. S. Department of Housing and Urban Development. If a person believes that they have been discriminated against in violation of this law, they should contact the U. S. Department of Housing and Urban Development, Washington, D.C. 20410 or call (800) 669-9777.

Sincerely,

[insert name of Loan Approval Official]

[insert title of Loan Approval Official]